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COOPERATION *and* COST OF LIVING IN CERTAIN FOREIGN COUNTRIES

MESSAGE OF THE
PRESIDENT OF THE UNITED STATES

TRANSMITTING

LETTER OF THE ACTING SECRETARY
OF STATE WITH ACCOMPANYING DATA
ON COOPERATION AND COST OF LIVING
IN CERTAIN FOREIGN COUNTRIES



MAY 6, 1912.—Read, referred to the Committee on Ways and Means
and ordered to be printed

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MESSAGE OF THE PRESIDENT.

To the Senate and House of Representatives:

I transmit herewith a letter from the Acting Secretary of State, with accompanying data, on cooperation and the cost of living in certain foreign countries. The information is supplementary to that contained in my message of March 13, 1912.

WM. H. TAFT.

THE WHITE HOUSE, *May 6, 1912.*

LIST OF CONSULAR OFFICERS REPORTING.

France:

Consul General Frank H. Mason, Paris.
Consul General Alphonse Gaulin, Marseille.
Consul James E. Dunning, Havre.
Consul Carl Bailey Hurst, Lyon.
Vice and Deputy Consul John D. Wise, Bordeaux.
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Consul Louis Goldschmidt, Nantes.
Consul James B. Milner, Calais.
Consul Joseph E. Haven, Roubaix.
Consul William H. Hunt, St. Etienne.
Consul Eugene L. Belisle, Limoges.
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Belgium:

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Consul General Henry W. Diederich, Antwerp.
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Consul Frank W. Mahin, Amsterdam.

Denmark:

Consul General E. B. Winslow, Copenhagen.

LETTER OF TRANSMITTAL.

DEPARTMENT OF STATE,
Washington, May 2, 1912.

The PRESIDENT:

I have the honor to submit reports on cooperation and the cost of living from consular officers in certain continental countries of Europe, supplementing those from the United Kingdom, previously submitted, and giving the results of the inquiry instituted by the Department of State by your direction. The reports herewith submitted are from consular officers in France, Belgium, the Netherlands, and Denmark. It appears from the information collected that the rising cost of living has directed attention to and augmented the membership of the cooperative societies, more especially in France and Belgium.

The cooperative movement in France had its origin about the middle of the last century and spread very gradually. The French associations are, in the main, arranged upon the same system as those in the United Kingdom. The tendency is toward small societies. The great majority of the associations represent groceries, but bakeries are very popular. Cooperation has won its way principally among wageworkers in industrial communities. The most successful distributive societies have been in the manufacturing cities in northeastern and central France. The operation of the agricultural societies has been especially successful in southern France. The French Government has given encouragement to agricultural cooperative societies by furnishing expert advice, granting subventions, and permitting long-term loans by agricultural credit associations. Membership is open to all residents of the districts covered by the agricultural societies, irrespective of area of land cultivated. Fertilizers, seeds, and other supplies are secured and the general buying is done principally through district unions. An innovation has been the application of surpluses to the purchase of high-grade farm machinery, such as is beyond the reach of many individual members, which is loaned gratuitously or upon the payment of nominal fees.

Among the distributive societies relief funds are often administered and insurance against illness and forced nonemployment is supplied therefrom in proportion to the recent purchases of the beneficiaries. Commission arrangements are also made with dentists, doctors, and artisans.

The dividends reported by different societies show wide variance, ranging from 4 per cent to 20 per cent. The French cooperative societies usually sell at prices which are neither higher nor lower than those of private stores. The degree of reduction in the cost of living is almost wholly contingent upon the capability and the altruism of

the management of the respective districts. Several of the consuls allude to the difficulty of securing such management.

The virtual beginning of the cooperative movement in Belgium is said to be as late as 1880, although sporadic instances appeared as early as the middle of the last century, and cooperative bakeries were inaugurated in a few localities as a result of English propaganda. The increasing cost of living during the past 15 or 20 years, and especially since the Brussels International Exposition in 1910, has caused certain classes to turn to cooperation of late, according to the consular reports. A large proportion of the Belgian societies sell at prices lower than those of the regular markets, allowing only members to purchase, and have only minimal profits to distribute. Many societies guarantee a 6 per cent dividend on all purchases and distribute all remaining profits to various funds for insurance, pensions, strike relief, indemnities for injuries, etc.

In the Netherlands the cooperative movement has had its largest growth since 1890. In 1909 there were 2,187 cooperative societies in existence, as against 122 societies in 1890. These associations include domestic supplies, agricultural supplies, creameries, farmers' loan banks, and savings banks. The British system as regards shares and membership obtains with some modification. A cash basis is strictly maintained. Arrangements are made with dentists, doctors, and merchants who sell goods which the society does not handle to give the society a commission on business done with its members. The annual dividends returned to the purchasers average between 8 per cent and 10 per cent.

The cooperative system in Denmark dates back to 1866. There are at present 1,300 general societies, 1,200 dairy societies, 36 bacon factories, and 558 distributing centers. Sales are confined to members unless the society wishes to subject itself to taxation. Cash payments are the rule. The joint association of Danish cooperative societies operates numerous factories and has warehouses throughout Denmark. When cooperation was first introduced it is stated that prices were lowered by from 20 to 25 per cent, but at present the average dividends range from 5 per cent to 12 per cent. The statement is made that the prices charged by private dealers are kept down.

Respectfully submitted.

HUNTINGTON WILSON,
Acting Secretary of State.

COOPERATION AND THE COST OF LIVING.

ANALYSIS OF REPORTS OF CONSULAR OFFICERS ON COOPERATIVE SOCIETIES AND SIMILAR ASSOCIATIONS IN FRANCE.

[Compiled by the Bureau of Trade Relations, Department of State.]

I. INCEPTION AND GROWTH.

The cooperative movement in France had its origin at Lyon about 1850, and spread very gradually. In general the societies date from much more recent years than those of the United Kingdom. The Central Committee at Paris, corresponding to the English Cooperative Union, was organized July 25, 1885; while the Cooperative Wholesale Society connected with the committee was only established in September, 1909. Cooperative olive oil and wine producing societies have developed since 1900.

The number of cooperative societies in France in 1910 was 2,872, the membership 803,109, and the business turn-over \$50,774,464.

The great majority of these associations represent groceries, but bakeries are very popular (997), while breweries come third (103), after which come wine (44), butcher shops (37), coal (31), and restaurants (15).

Although France is said to lead all other nations as regards number of cooperative organizations, her membership is less than one-third as large as that of the United Kingdom. The tendency is toward small societies, and this trend is reported to be unfavorable as preventing the increased stability and economy which might result from consolidation. In all Europe there are over 12,000 cooperative associations, with a membership of 7,000,000. Estimating that each member represents a family of four persons, there would be in Europe a total of 28,000,000 persons served by cooperation.

In France, it is stated, cooperation has won its way principally among wageworkers in industrial communities. "The middle classes, or 'bourgeois,' clerks, small tradesmen, professional men, etc., have no societies, nor are they members of the existing societies" at Rouen, and the same holds true quite generally. The manufacturing cities in northeastern and central France contain the most successful distributive societies.

Various extraneous elements have contributed to the development of French cooperation:

(a) Socialists are in control in many, although by no means the majority, of French cooperative societies, drawing upon the funds of the latter and in turn promoting growth. It is reported that since 1902 the general success of the Socialists in France has been reflected in certain of the cooperative societies.

(b) Many societies are affiliated with labor unions or restrict their membership to persons engaged in a given occupation. In

Lyons even the barbers maintain a society. Employees in a single manufactory often have a distinct cooperative society. In some instances employers suggest and assist such societies from philanthropic motives.

(c) Government functionaries, such as employees of the postal and telegraph systems, the customs service, and the railways (including privately operated lines) are to a large extent organized into cooperative societies. "No less than 120 societies throughout France are composed of railway employees."

(d) The French Government has accorded considerable aid and encouragement to agricultural cooperative societies by furnishing expert advice, granting subventions, and legislating to permit long-term loans by agricultural credit associations. During 1911 the French cabinet definitely considered governmental promotion of cooperative retail distributive societies in cities; but a test of public sentiment through chambers of commerce, etc., showed a widespread disapproval. In Havre it is reported that the small shopkeepers were influential in opposing the plan; while in Limoges the cooperative societies themselves recognized that official assistance would give them an unfair advantage over private traders.

The increased utilization of wholesale cooperation in recent years has had a favorable reflex action upon the growth of retail societies. The mounting cost of living in France is also mentioned as having directed attention to cooperative societies and thus augmented their membership.

II. ORGANIZATION AND OPERATION.

In instituting a society application must be made to the official receiver for registration, and at least 10 per cent of the capital must have been paid up. Under the law of April 19, 1905, cooperative societies are liable to the same license fees and other taxes as similar private sales and manufacturing organizations, although prior to that time the societies which sold only to members enjoyed exemptions. In retaliation upon the private retailers who instigated this measure many cooperative societies were thrown open to the general public, with a lowering of prices calculated to attract trade.

The French societies are in the main organized upon the same system as those of the United Kingdom, but variations from the general type occur much more frequently in France than in England.

In regard to membership and management, members are sometimes not permitted to vote until their capital stock is fully paid for, but proxy voting is not always prohibited. Attendance at general meetings is compulsory under penalty of fines. Shares in some instances pay no interest. Often shares are nontransferable or personal. In some societies no member may own more than one share, although he may loan money to the organization in other forms. In factory towns only wageworkers are admitted into certain of the societies, on the ground that foremen and other salaried employees would represent their employers' interests.

Boards of directors are larger than in the United Kingdom, and the practical oversight of affairs is delegated to an administrative council of from three to five members. Officers are not paid, or receive only credit slips worth from 10 to 25 cents per quarter day or per meeting.

In some societies dividends are paid in clothing and supplies or are credited to the members' accounts to be drawn against in the purchase of goods from the society. In certain organizations dividends can not be realized upon until the holders attain the age of 50 years, an arrangement which acts as a species of insurance.

Credit giving on purchases appears to be rarer than in England and to be hedged about with more restrictions. The system of basing dividend distribution upon the entries in members' pass books is in general use. Relief funds are often administered, and insurance against illness and forced nonemployment is supplied therefrom in proportion to the recent purchases of the beneficiaries. Delivery of purchases is infrequent, but exists to some extent in cities. Coal is usually delivered. Some societies have a stated charge, as, for example, 2 cents, for delivering orders.

The practice of making commission arrangements with stores which do not compete in the societies' fields is more general than in England, cooperative bakeries and wine-distribution societies often maintaining branches in private stores located in neighborhoods where cooperation is not present. Commission arrangements are also made with dentists, doctors, and artisans.

Cooperative wholesale operation has not been developed and consolidated as in the United Kingdom. Many societies do their own purchasing, either from producers, through private wholesalers, or even through jobbers. The spread of purchase through wholesale cooperative societies has been rapid in recent years, and many local federations for purchase have been organized by retail cooperative societies. The societies of railway employees have their joint headquarters and wholesale purchasing organization at Grenoble. A southern federation of cooperative associations conducts its wholesale business at Marseille, a federation for the departments of Gard and Herault operates at Nimes, and a federation for Brittany at Nantes. The hospitals of the city of Lyons cooperate in purchasing their supplies. Such associations when buying have, like individual societies, the advantage of knowing accurately what quantities of goods can be utilized, thus eliminating an element of speculation.

Many societies in the north of France, and even as far south as St. Etienne, find it profitable to purchase from the English Cooperative Wholesale Society, of Manchester. In regard to trade with private wholesalers it is said that the latter are usually perfectly ready to deal with cooperative societies, although one consul offers as explanation that the cooperative managements are not always shrewd bargainers. In some cases the feeling of private retailers prevents wholesale firms from selling to cooperative societies.

The operation of the agricultural cooperative societies or "syndicates," while successful, especially in southern France, presents but a few noteworthy features. Membership is open to all residents of the districts covered by the societies irrespective of wealth or area of land cultivated. Fertilizers, seeds, and other supplies are procured on favorable terms and of guaranteed quality. A unique and valuable innovation has been the application of surpluses to the purchase of high-grade farm machinery, such as is beyond the reach of many of the individual members, which is loaned gratuitously or upon the payment of nominal fees. The general buying of the syndicates is done principally through district unions. The Union of the Alps

and Provence, at Marseille, comprises 325 syndicates. The Union of the Southeast is at Lyons, and the Union of the Midi at Toulouse.

Certain of the agricultural syndicates are interested primarily in production. Societies for the growing of nursery stock, almonds, strawberries, capers, and general horticultural produce exist in considerable numbers and with good success. Apricot pulp is another cooperative product. In the north and west of France cooperative vegetable growers produce potatoes and similar crops mainly for exportation to England or to South America.

The most important productive syndicates, however, are among the olive and grape growers. There are now 21 olive associations in southern France, centering around Cotignac and Codoux. Many of them have erected or acquired model crushing mills; and the oil produced is highly esteemed for its quality, and finds ready sale at high prices. There are 26 wine-growers' associations in the consular district of Marseille, usually designated as "caves cooperatives" or cooperative cellars. With one exception these have all been founded since 1906. In the case of both olive and grape societies partial payments to producers are made upon delivery but final settlement takes place only at the end of the year or season. The quality and yield of products have been raised through the efforts of the societies in both instances.

In regard to industrial cooperative production it appears that plants owned and operated by operatives are not uncommon in France. In some instances the employees own only a portion of the capital of the concerns. In Lyon alone the enterprises conducted by societies composed of their own operatives include printing and engraving, building, plumbing, tailoring, weaving, tanning, carpentering, paper hanging, the making of pasteboard boxes, and the making of metallic furniture.

Productive undertakings are also carried on by cooperative retail and wholesale distributive societies. The central Cooperative Wholesale Society, of Paris, already operates a shoe factory and several flour mills.

The Central Committee, affiliated with the Paris Cooperative Wholesale Society, is the advisory and propagandist organization of the cooperative movement in France. It is the intermediary through which the French associations are connected with the international cooperative organization. Moreover, the publications which it issues annually and bimonthly are the most important of the cooperative literature published by the French societies.

Several reports state that the reason for selling at current market prices is the danger that if prices were lowered members would buy in large quantities in order to resell at a profit to their acquaintances. In some instances the prices at cooperative stores are lower than in competing private shops. In such cases, however, each member is permitted to sell to his friends only a specified number of tickets allowing the holders to buy limited amounts of cooperative goods.

III. COST OF LIVING, ETC.

In several consular districts it is reported that cooperative societies are few in number or entirely absent, although the idea has been familiar and attempts made from time to time to profit by it. The

cut-rate department stores are said to have in some instances driven out or forestalled cooperation, and to be more feared by the ordinary dealers than cooperative societies. The sale of fresh vegetables, meats, etc., has in general proven impracticable for the cooperative societies in France, a fact which is reported to have considerably detracted from their effectiveness. Cooperation, however, is achieving good results in France in many ways.

The dividends returned by different societies vary widely, ranging from 3 or 4 to 20 per cent. No general statement can be constructed. The degree of reduction in the cost of living is accordingly almost wholly contingent upon the capability and altruism of the management of the respective societies. Several consuls allude to the difficulty of securing such management. It should be noted, on the other hand, that price raising or the sale of inferior goods as a means of offsetting incompetent or dishonest management is scarcely mentioned by the consuls in France. The French cooperative societies usually sell at prices which are neither higher nor lower than those of private stores; and it is reported that, as in the United Kingdom, they have a tendency to keep all prices throughout the communities where they are located down to a fair level, as well as to enhance the purity and high quality of goods. The action of the French Government in aiding certain forms of cooperation may be noted as indicating the latter's general beneficial effect. The agricultural societies are said to have lowered the cost of fertilizer by between 30 and 40 per cent, in addition to other benefits.

BUREAU OF TRADE RELATIONS,
Department of State.

FRANCE.

PARIS.

COOPERATIVE SOCIETIES—EXTENT OF THE ORGANIZATION.

There are in France 2,872 cooperative societies, with an aggregate membership of 803,109 persons and firms, and the total amount of their business turnover in 1910 was 263,080,126 francs, or \$50,774,464.

These societies, although varying in respect to amount of capital and number of members, are alike in their general object and purpose, which is—

to procure for members and their federations all products, supplies, or merchandise and to conduct for this purpose all operations which they may find necessary, such as purchases, markets, storage, and production.

The cooperative societies in Paris and the Department of the Seine number 107, with 84,804 members, and the record of their business transactions during the year 1910 aggregated 29,045,100 francs, equal to \$5,605,705. The largest societies in Paris are: La Bellevilloise, with 7,383 members; L'Egalitaire, 4,630 members; Union of the Employees of the P. L. M. Railway, 14,000 members; Society of Food Supplies of the Eastern Railway, 2,767 members; the Association of Civil Employees of the State, 20,000 members; and the Economic Sociale de Clichy, 3,520 members. There are also large societies at

Limoges, Grenoble, Roubaix, Lille, and the other industrial cities and districts where there is a large population of factory operatives and other wage-earning people.

No less than 120 societies throughout France, with 62,009 members and aggregate annual business of 19,552,000 francs (\$3,773,356), are composed entirely of railway employees, and there are many others whose membership is confined to certain callings, such as bakers, employees of the post and telegraphs, customs officials, etc.

HISTORY OF THE COOPERATIVE MOVEMENT.

The movement toward cooperative association began at Lyons about 1850, where a few small societies were organized and were followed by similar organizations in other industrial centers. The movement continued to extend, and culminated in the organization of the "Comité Centrale," or central governing committee, which was founded at Paris, July 25, 1885, by a congress of delegates from all existing societies that was held here for that purpose.

The purposes of this committee are to inform all cooperative societies for food products concerning questions of administration or jurisprudence, furnish all the documents and instructions necessary for the administration of existing societies or the organization of new ones, to represent distributing cooperative societies before the legislature and Government officials, organize propaganda, and in general to give the interests of such societies throughout France the force and impact of an organized body. It publishes a bimonthly organ, "L'Union Cooperative," and "L'Almanach de la Cooperation Française" (copies of which are transmitted as exhibits with this report), as well as frequent pamphlets and circulars which are printed and circulated in the interest of cooperatives. The Almanach for 1912 (Exhibit 2) contains on pages 57-59 a complete list of all the cooperative societies for food products in France, their location by Departments, aggregate number of members, amount of annual business, and the average of trade per society and per member.

THE WHOLESALE CENTRAL ASSOCIATION OF COOPERATIVE SOCIETIES.

Besides the above there is the "Société Cooperative de Gros des Sociétés Françaises de Consommation" (Cooperative Wholesale Society of French Cooperative Societies for Food Products), which was organized in September, 1909, and has its central offices at No. 1 Rue Christine, Paris. The object of this organization is to—

create the elements, material and moral, for the administration of a wholesale depot for the supply of cooperative stores, and to make large purchases of certain products for that purpose.

It also ships supplies in wholesale quantities to cooperative societies in the French colonies, notably in Tunis and Noumea. It has depots at Paris, Bordeaux, and Lyons, and branches with warehouses at Brest, Arcois, and Narbonne. The constitution and by-laws of this central organization are transmitted as Exhibit 3 with this report.

This committee has a cooperative shoe factory in the north of France, and several flour mills located at advantageous points, the products of which go exclusively to cooperative societies. From the statutes of the Wholesale Cooperative Society (Exhibit 3 with this

report) there are translated the following paragraphs, which indicate concisely the scope, purpose, and methods of that association:

The object of the society is to procure and furnish to cooperative societies all products, wares, and merchandise and to conduct all operations which may be necessary, such as purchases, markets, storage, and production. It may own trade-marks registered according to law.

The society is neutral in all that relates to politics and religion. It acts in cooperation with the Central Committee of French Cooperative Societies, and is pledged to defend the interests of all members of cooperative societies in respect to economic questions.

The duration of the society is fixed at 50 years.

The capital of the society at its foundation was 3,600 francs (\$694), divided into 144 shares of 25 francs (\$4.82) each, but this nominal capital can be and has been largely augmented, the only restriction being that each increase of capital shall be approved by the general assembly of cooperative societies and shall not exceed 200,000 francs (\$38,600). The members of the wholesale society are principally cooperative associations and federations for food products already organized, and the statutes provide that each of such subsidiary societies shall buy and hold at least one share of stock in the wholesale association for every hundred or fraction of a hundred of its own members. Individual members of the wholesale society are required to possess each one or more shares of its stock, which bear interest at 5 per cent per annum and are redeemable at the demand of the individual holder.

The society is administered by a committee of six to nine members, including the president. One-third of the members are elected and as many retire each year, so that the personnel of the committee is constantly changed from year to year. Members of the committee of administration must be French citizens, must not be engaged in trade as a merchant, and must be a stockholder in the society.

There is besides a commission of surveillance or control, composed of five persons, who are required to audit and inspect all the operations of the society and submit an annual report of their findings to the general assembly.

DISTRIBUTION AND PERCENTAGE OF SAVINGS.

Comparatively few cooperative societies for food products—not more than 10 in all France—have their own delivery wagons and organized system of distribution. Two societies in Paris, the “Belle-villoise” and “Egalitaire,” are so equipped; the others depend upon the usual public distribution facilities and upon having small purchases taken home by individual customers. Until 1905 cooperative societies for food products in France were not taxed if their sales were confined to their own members and were not made to the public, but since that date all cooperative societies are required to pay the annual “patente” or license to do business, which varies in amount with the kind of business conducted, the size of the city or village in which the society is located, and the amount of its business.

As to the percentage of saving in the cost of food supplies, etc., to members of the various societies, the best authorities which can be consulted agree that it is impossible to give a definite estimate, for the reason that conditions vary so widely in different localities that no general data on that point can be obtained. But one of the great

advantages in cooperation is that the existence of a cooperative store in a town or city district exercises a wholesome restraint upon private dealers of all kinds in its neighborhood. As the cooperative stores sell to the public as well as to members, it acts as a control over provision dealers and local markets. The members of the cooperative society enjoy not only the benefit of this control in the prices paid for their own purchases but in the dividends which they receive as shareholding members from the profits of the business.

THE ORGANIZATION OF A COOPERATIVE SOCIETY FOR FOOD PRODUCTS.

The following are concisely the formalities to be fulfilled in organizing a cooperative society for the purchase, sale, and distribution of food products.

1. Hold a preliminary meeting, at which the founders present agree upon the statutes to be adopted.

2. Collect individual applications for membership.

3. Make four copies of the statutes of the society on stamped paper.

4. Present these four copies before the receiver of enregistrement for registration.

5. Prepare, on stamped paper, a list of the names, surnames, professions, and addresses of the members, the number of shares subscribed for, and the amounts paid in by each subscriber. It will be sufficient if 10 per cent of each subscription—that is, collectively one-tenth of the capital—is actually paid in. There must be at the commencement not less than seven subscribing members.

6. Present before a notary one copy of the statutes of the society and a list of the subscriptions to the capital. The subscriptions and payments made thereon are established by a declaration made by the founders before the notary, and the statutes and list above mentioned are annexed to the declaration. The notary will deliver three copies of the declaration.

7. After the receipt of the three copies, legalized by the notary, call a general meeting of all subscribers for definite organization.

The foregoing instructions, together with various forms and rules of procedure for the organization and administration of cooperative societies for food products, are given in the circular which is transmitted as Exhibit 4 with this report.

The general subject of cooperative societies in France is too large and complicated to be more than briefly synopsisized within the limits of a consular report. But for those who wish to make a more comprehensive study of the subject there is transmitted in addition to the four exhibits above specified a collection of the published literature of the French societies, which contain elaborate and precise information concerning the origin, development, and present status of the cooperative movement in this country.

FRANK H. MASON,
Consul General.

PARIS, FRANCE, *December 7, 1911.*

MARSEILLE.

The first cooperative store or workmen's distributive society in the Marseille consular district was founded at Nîmes in 1878 by M. Fabre, a retired manufacturer, who had been in his youth a disciple of Fourier and a member of the Familistère at Guise. Five years later another association was formed in the same city by M. de Boyve, Charles Gide, the well-known economist, and a small group of Protestant workmen. In 1885 these two societies federated with a cooperative bakery, also of Nîmes, and started a propaganda that resulted shortly afterwards in the formation of the Union Cooperative des Sociétés Françaises de Consommation, a national organization with headquarters at Paris. The movement spread to the other cities and has been on the whole fairly successful, although the distributive branch of cooperation has not yet become a prominent factor in the economic development of the country.

According to the *Almanach de la Cooperation Française* for 1912 there were in 1911 in this district 240 cooperative stores and distributive associations ("sociétés de consommation") as compared with 105 in 1901 and 60 in 1893. The following table shows the total number of societies and members and the amount of business done by these societies during the year 1910-11 in the various Departments of this district:

Department.	Number of societies.	Number of members.	Amount of business in 1910-11.	
			Francs.	United States equivalent.
Bouches-du-Rhone	29	4,048	2,603,000	\$502,379
Basses-Alpes	3	635	80,500	15,537
Hautes-Alpes	10	850	192,600	37,172
Ardeche	13	2,941	928,000	179,104
Aude	14	1,010	1,262,700	243,701
Corsica	2	124	43,000	8,299
Drome	15	2,161	640,500	123,616
Gard	51	8,784	1,707,900	329,625
Herault	23	2,588	617,800	119,235
Pyrenees-Orientales	12	382	32,500	6,273
Var	34	3,171	747,600	144,287
Vaucluse	32	3,002	442,100	85,325
Tunis	2	400	30,000	5,790
Total	240	30,096	9,328,200	1,800,343

It will be observed that the per capita purchases average about \$60 annually, which indicates that the societies supply only a small portion of the commodities required by their members and families. The total membership of these associations represents about one-half of 1 per cent of the population of the district. The average number of members per society is 130.

Among the above-mentioned societies there are 104 cooperative bakeries, or over 43 per cent of the total number. Several others supply bread to their members in exchange for wheat. There are, besides, 2 cooperative meat markets, 1 in the Gard, the other in Vaucluse; 11 stores exclusively devoted to the wine trade, and 4 to the purchase and distribution of coal. The majority, however, are general cooperative stores dealing chiefly in groceries; only a few

of these stores sell meat, which they appear to be unable to handle profitably.

In the city of Marseille, which has a population of 551,000, the total number of cooperators does not exceed 2,000, and about 1,200 of these belong to the *Société des Fonctionnaires de l'Etat et Assimilés*, a semiprivate organization open only to certain classes of employees. The city of Nîmes still leads in the cooperative movement, so far as Southern France is concerned; its principal society, *L'Abeille*, had 658 members in 1911.

Most of the distributive societies in the district are modeled essentially on the Rochdale system. In many cases, however, membership is limited to persons engaged in the same trades and professions, and even to workmen employed in the same establishments. A certain number have established a category of associate members ("membres adhérents") who pay a small entrance fee and share the profits in proportion to their purchases, but have no voice in the management and no interest in the collective funds and property. The regular members or shareholders receive, besides their proportion of the net profits, from 4 to 5 per cent on the amount of the paid-up capital. The value of the shares is usually fixed at 25 francs (\$4.82), only 10 per cent of which is required upon admission; the balance may be paid from the profits.

Cash transactions are the rule, but credit is occasionally extended for amounts corresponding to the value of the shares held by the members concerned, also upon payment being guaranteed by fellow members. In certain societies, a special fund is maintained for this purpose.

The prices of the cooperative stores are generally slightly below those current in the locality. The surplus is divided twice a year. The *Société Coopérative des Fonctionnaires de l'Etat et Assimilés* of Marseille, already referred to, does not undertake at the present time the sale of merchandise on its own account, but has arrangements with local dealers whereby its members obtain discounts ranging from 5 to 15 per cent on the prices charged to the ordinary customers. These discounts, which apply to a great variety of articles and practically to all the common necessities, are collected monthly through the society, which retains a small commission for its running expenses and reserve fund. Other societies have made similar arrangements for special commodities. About 30 per cent of the societies sell to the public as well as to their members.

Many societies set aside part of their profits for educational and social purposes. *L'Abeille*, of Nîmes, retains 30 per cent of its surplus for the collective or members' mutual benefit fund, 2½ per cent for educational and cooperative work, and 10 per cent for the profit-sharing fund of employees and the "caisse de prêts," or loan fund, for the benefit of members in straitened circumstances. Certain societies affiliated with the Socialist Party employ their surplus largely for assistance in case of strikes; also for the dissemination of their doctrines and political purposes generally. The Federation of Employees of the Paris-Lyon-Mediterranean Railway Co., which groups a large number of societies, maintains, in addition to a sickness and accident insurance fund, a special fund for the widows and orphans of members.

The general management of cooperative stores is usually vested in committees or boards of directors elected annually or every 18

months by the shareholders. The members of the committees receive no compensation. There is, however, in each society a salaried business manager chosen either by the shareholders or the committee and acting under the direction of the latter. The accounts are audited at certain intervals by special committees. It appears that cooperative societies in the district experience considerable difficulty in securing the services of competent business managers, owing partly to a general unwillingness or inability to pay adequate salaries. The prevailing tendency to create small societies instead of building up large and powerful associations is also an unfavorable factor in this respect. On the other hand, the low rate of interest paid on the capital invested in these societies, their practical exemption from advertising disbursements, their relatively inexpensive quarters, which are generally located on side streets, the purchasing facilities and advantages granted by the trading unions and federations allow them to compete on more than equal terms with the average retailer.

Taking into account the semiannual dividends distributed to the purchasers, it is estimated that the members of cooperative societies in the district obtain their domestic supplies, which are invariably of standard quality, at prices from 10 to 12 per cent cheaper than those paid by the ordinary consumer. Moreover, in many localities these societies exert a steadying and excellent influence on the retail market, thus rendering valuable public service.

The principal aim of cooperative societies being the elimination of all unnecessary trade intermediaries, particularly retailers, the latter are naturally opposed to these associations. This attitude has manifested itself in various efforts to secure adverse legislation, but it can not be said that there exists in this district much hostility against the cooperative movement. Certain cooperative societies, as already stated, have even contracted with a number of retailers for the sale of various articles to their members.

Nearly all the distributive societies in the district are federated into local and national unions. The majority are affiliated with the Union Coopérative des Sociétés Françaises de Consommation, which centralizes the interests of the societies and attends to the educational side and general organization of the movement. The same societies are shareholders and members of the Coopérative de Gros, or Wholesale Cooperative Society, which is an annex of the above-mentioned union, and exists merely for trading purposes. The Coopérative de Gros is modeled on the Cooperative Wholesale Society (Ltd.) of England, but it disposes of only a small capital and has not yet reached the manufacturing stage. It deals directly with the producers and sells to the affiliated societies practically at cost price. It maintains warehouses in various cities, including Marseille, and also sends goods on consignment to the societies. The net profits are returned to the societies. No interest is paid on the first share of capital, but 5 per cent on the others. The affiliated societies receive most of their supplies from this source, but they also do a considerable amount of business directly with the manufacturers, wholesalers, and agricultural productive associations.

The Fédération des Coopératives du P. L. M., at Grenoble, the Fédération Méridionale des Sociétés Coopératives de Consommation,

at Marseille, and the *Fédération des Sociétés Coopératives du Gard et de l'Hérault*, at Nîmes, have grouped a large number of societies; but these trading federations do not buy as a rule for their own account, being chiefly cooperative purchasing agencies collecting and forwarding orders to reliable concerns.

AGRICULTURAL COOPERATION.

The above review does not cover the agricultural syndicates ("syndicats agricoles") which play, however, the most important part in the cooperative movement of the country. These syndicates exist in a general way for the promotion and protection of the economic interests of their members, and their principal object is the collective buying of fertilizers and other farm materials. They are not supposed to engage in trade except to transmit the orders of their members, but in actual practice they frequently make direct purchases and sales. A certain number of distributive societies have been formed for this purpose and are conducted by the syndicates. Cooperative societies for the industrial handling and marketing of agricultural products have also been organized by the syndicates. These will be dealt with further in this report.

The first agricultural syndicates in this region were formed in 1885 at Die (Drome) and Avignon (Vaucluse). The number has increased very rapidly, and there are now over 450 in the district, with a total membership of about 160,000. The business done by these syndicates amounts to several million dollars each year.

The membership of the syndicates is open to all the agriculturists in the territory covered by the association upon payment of a small entrance fee and annual dues. The societies are managed by elected committees, the most important employing salaried secretaries. The sales are made at cost price, plus a commission of 1 to 3 per cent for running expenses and provident purposes. There is no distribution of profits, which are frequently applied to the purchase of expensive machinery intended for collective use.

Most of the syndicates are federated into district unions, which are in turn connected for certain purposes with the national unions. The principal federation in southern France is the *Union des Alpes et Provence*, established at Marseille in 1893, and comprising 325 syndicates. A large number of syndicates in the Ardeche and Drome Departments are affiliated with the *Union du Sud-Est*, of Lyon. The syndicates of the Aude, Hérault, and Pyrénées Orientales belong generally to the *Union du Midi*, of Toulouse. There are, besides, a few local unions and a number of independent syndicates. The syndicates usually collect and send the orders of their members to the unions, which deal directly and enter into important contracts with the producers. The unions and syndicates maintain warehouses, but in many cases the goods are shipped by the manufacturers to the consumers individually and charged against them. The commission charged by the unions for their services rarely exceeds 2 per cent, and generally ranges from 1 to 1½ per cent. The surplus is divided annually among the syndicates in proportion to their purchases, and is applied in the manner indicated above. The syndicates pay to the unions annual dues averaging 2 cents per member. The unions are managed on the same lines as the syndicates, only the general

secretary and employees are salaried. The independent syndicates buy their supplies chiefly from the agents and representatives of manufacturers.

It is claimed that the agricultural syndicates have brought about reductions of from 30 to 40 per cent in the prices of fertilizers, besides checking fraud and compelling the delivery of pure products. Materially lower prices have also been secured, through their intervention, in various other lines, to the chief benefit of the small farmer. By employing a portion of their profits for the purchase of machinery that comparatively few French peasants can afford to buy, and renting this machinery at a nominal charge or even loaning it gratuitously to their members, the syndicates have contributed besides to lower the cost of production in many agricultural communities.

As already stated, certain syndicates have turned their efforts toward productive cooperation. The first association of this type in the district was formed by the syndicates of Cuges, Roquevaire, Lascours, and Sollies-Toucas, for the purpose of protecting the local caper-growing industry against the active and dangerous competition of the lower-paid and inferior Algerian and Spanish products then frequently mixed with domestic capers and sold by the trade as Provence products. The success of this venture soon led to the organization of a similar society among the apricot growers of Roquevaire and Lascours. Until then these growers had sold only fresh fruit, and in certain years the sales had hardly paid for the gathering of the crop. The society inaugurated the preparation and sale in common of apricot pulp, an industry which has flourished ever since in the two localities named. Founded with a capital of 5,000 francs, or about \$1,000, the "Cooperative de Roquevaire," as it is called, has purchased a suitable building and the necessary equipment with a further sum of \$8,000, borrowed from some of its members; it does an average amount of business of \$80,000 annually.

The almond growers of Codoux, the horticulturists of Hyeres, Toulon, and Ollioules, and the strawberry growers of the Department of Vaucluse have also formed cooperative selling associations, which have proved most useful and profitable to their members. The nurserymen of Vaucluse have a special organization through which they purchase their supplies and sell their products and which exercises general control over the plantations of the members. A prosperous creamery, conducted on the cooperative basis, exists since 1907 at Allos (Basses-Alpes). About 100 farmers are members of this association, which started with a capital of \$6,000, including a loan of \$2,000 from the State and a subvention of \$400 from the town. The creamery, which is provided with modern equipment, treats about 1,110 quarts of milk per day. Its annual output of butter averages 31,000 pounds. It also produces cheese of the Camembert type.

The cooperative movement has, however, made the greatest progress among the olive and wine growers. In 1900 a group of olive growers in the town of Codoux (Bouches-du-Rhone) formed a syndicate with the object of crushing their crops in common and securing for themselves the profits that went, under the existing system, almost entirely to the local millers. The results were very satisfactory and the example was soon followed in other towns, certain associations being formed solely for industrial purposes, but the majority being

organized both for the manufacture and commercial distribution of the oil. There are at the present time in southern France 21 of these associations, the most important in the district being the Société Cooperative de Défense Agricole of Cotignac (Var), and the Cooperative de Productions Agricoles, La Travailleuse, also of Cotignac. These two societies were formed in 1905. Their combined output of oil varies from 55,000 to 110,000 pounds per season.

The French Government has given considerable aid and encouragement to this movement. The experts and officers of the service oléicole of the department of agriculture have not only promoted the formation of these associations, but lent technical assistance of the greatest value. Moreover, the State has extended financial assistance, by granting subventions and fiscal immunities, and particularly long-term loans through the agricultural credit associations. These loans, which must be employed for the purchase or erection of suitable buildings and machinery, are usually granted for a period of 25 years, and may be equal to double the paid-up capital of the society; the rate of interest thereon never exceeds 2 per cent and is generally $1\frac{1}{2}$ per cent. In 1910, 11 societies secured loans ranging from 4,000 to 45,000 francs (\$772 to \$8,685), and aggregating 170,000 francs (\$32,810).

The "coopératives oléicoles" count, on the average, 100 members whose individual crops vary from 50 to 180 bushels of olives. The capital stock is divided in shares of 25 francs (\$4.82). These societies are organized and managed in the same manner as the distributive associations.

Several societies have erected model mills; others have rented and adapted old mills to present requirements. It is estimated that the necessary outlay for the proper equipment and operation of a small mill varies from \$4,600 to \$6,000, divided as follows: Buildings, \$2,400 to \$3,000; machinery, \$1,600 to \$2,000; general and initial operating expenses, \$600 to \$1,000.

The members receive from one-half to one-third the value of their crops upon delivery to the cooperative mill and the balance at the end of the season, when the profits are divided among them in proportion to the quantities furnished, after deducting the required amounts for the amortization of the loans made by the State, the reserve fund and the interest on the shares, which is usually fixed at 4 per cent. Certain societies also maintain an insurance fund against sickness and accidents. It appears that the cost of manufacture of the oil is entirely paid for by the by-products.

The oil is sold largely to wholesalers, but a certain amount of business is done with the cooperative stores and agricultural syndicates, and through such associations as the Union des Alpes et Provence. There is also an important retail trade, deliveries being made by parcel post to the consumers. This trade entails various expenses, such as commissions and advertising, but the retail price is also from 8 to 10 per cent higher than for the wholesale transactions. The oil produced by the cooperative societies is enjoying an increasing popularity, owing partly to the fact that it carries with it a guarantee of origin and purity.

The wine growers' associations, of which there are 26 in the district, are usually designated as "caves coopératives," or cooperative cellars. These societies, like the olive-growers' associations, were

formed in the interest of small owners, whose crops were generally handled in an unscientific and unsatisfactory manner, both from a productive and a distributive standpoint. Their principal aim is the production of wines of current consumption, of standard quality, and of greater merchantable value than the product of the average viticulturist. Certain cellars are only used for storing and treating the wines of the members, which the societies sell under the guarantee of their trade-marks. Other associations have also been formed for the sole purpose of selling table grapes. There are, besides, 10 cooperative distilleries and 5 societies which have been organized both for oil-pressing and wine-making purposes.

The first cooperative cellar in this region was that of Les Vignerons Libres, which was founded in 1901 at Maraussan (Herauld). This is a collectivist association composed of small wine growers and even day laborers, which sells its entire production to the socialist cooperative stores. Cultivation in common is also practiced on a small scale by this society. No other cellar was established in this district until 1906, when one was formed at Camps les Brignolles (Var). The latest is that of Besse, also in the Department of Var. The growth of these societies is due largely to the law of December 29, 1906, authorizing the agricultural credit banks to grant long-term loans at a low rate of interest to associations of this character. The methods of organization and operation of the cooperative cellars do not differ materially from those adopted by the olive-growers' association. The grapes brought to the cellars by the growers are graded according to the kind of wine for which they are used, and separate accounts are kept for the different grades. The members are paid as soon as the bills are collected, but the society advances a certain proportion of the value of the vintage whenever desired. Final settlement is effected at the end of each year.

The productive societies have improved the production of their members and increased their profits. In the case of olive oil a larger yield and superior quality have been obtained. The cooperative cellars and other associations have been equally successful. It can not be said, however, that these societies have reduced the cost of living, but it is claimed that, without advancing prices, they offer to the consumer better and purer products.

A. GAULIN,
Consul General.

MARSEILLE, FRANCE, *February 15, 1912.*

HAVRE.

In the consular district of Havre there are no cooperative societies, either for the distribution of the common necessities of life or the production and marketing of agricultural products.

A society for the sale of groceries was established in Havre four or five years ago, but the results proved unsatisfactory and it soon ceased to exist.

On the other hand, there has recently been established a joint stock company which already has, in the city, over 50 grocery stores in operation, and at which certain necessities of life can be bought at a

somewhat lower price than elsewhere. The company, however, is in no sense a cooperative one, being exploited uniquely for the benefit of its stockholders.

Several months ago the French Cabinet, desirous of securing information in regard to the possibility of establishing in various cities cooperative stores receiving the moral and financial support of the municipalities, solicited the opinion of the mayor of Havre on the subject.

The response was a decidedly unfavorable one. This is easy to understand, for, inasmuch as the small shopkeepers are in the majority, their interests must naturally be respected. Should, therefore, any cooperative stores be established, it is safe to assume that they will be on a purely independent basis.

JAMES E. DUNNING, *Consul*.

FEBRUARY 17, 1912.

LYON.

Cooperative societies in some form or another have existed in this district for a considerable period, statutes having been enacted for their control upward of 40 years ago. The number of these societies has gradually increased and latterly, as the high cost of living has forced itself unpleasantly on people of small means, the societies in Lyon and the neighborhood have been more widely patronized. At one time their advantages had to be argued and demonstrated before sufficient adherents could be obtained, and now their utility, when not monopolizing trade, is generally recognized. The cooperative societies in Lyon do not claim to restore prices for their members to a former level in face of the upward tendency in nearly all comestibles except bread and fish, but they have shown success in most cases in keeping prices in many products below those necessarily charged by legitimately competing and profit-making dealers.

It is of interest to note that there are in the city of Lyon, numbering 520,000 inhabitants, 40 consumers' cooperative societies, with about 12,000 members, and 16 cooperative societies for industrial purposes, with 674 members. Of the consumers' societies, 9 maintain bakeries, 21 groceries, 6 coal and wood yards, and 2 deal in wines alone. Some also keep shoes and small silk-loom supplies. The membership of three of the societies dealing in groceries, fuel, wines, and clothing is composed of employees of a large railway line running through Lyon, and one consists entirely of barbers. One society traffics exclusively in the purchase and sale of agricultural products.

Cooperative societies in Lyon engaged in manufacture are really firms conducted by operatives, all of whom are shareholders, although others may have shares, but are not actively employed in the work. The various enterprises of these societies are printing, pasteboard-box making, building, plumbing, sewer construction, tailoring, weaving, saddle making, engraving for printing textiles, tanning, furnishing, paper hanging, carpentering, and metallic-furniture making. Besides these, there is a district federation of 14 workmen's industrial societies, with about 450 members, which endeavors to find work for those of its number out of employment and to secure the adoption of better labor conditions. There is also a cooperative

bank of operatives that deals in all kinds of commercial paper and makes loans on collateral. It may be stated here that all these cooperative societies are in excellent running order and that during the past 10 years only two or three have dissolved, either from lack of capital or an available manager.

The following table shows the number of cooperative societies, at intervals from 1893, in the eight departments and one territory comprising the Lyon consular district:

Departments.	1893	1904	1911
Ain.....	8	17	20
Allier.....	7	11	13
Cote d'Or.....	6	12	22
Doubs.....	18	37	47
Jura.....	5	24	32
Rhone.....	77	92	86
Haute-Saone.....	3	13	15
Saone and Loire.....	69	104	101
Belfort (Territory).....	10	14	19

The total number of societies, members, and the amount of business done in this entire consular district and the average amount expended in the societies by each member for the 12 months of 1910 and 1911 are as follows:

Departments.	Societies.	Members.	Amount of business.	Average amount per member.
Ain.....	20	8,055	\$717,985	\$89.00
Allier.....	13	5,418	403,215	74.40
Cote d'Or.....	22	4,277	355,815	83.18
Doubs.....	47	10,956	1,517,115	138.38
Jura.....	32	4,704	430,139	91.29
Rhone.....	86	25,958	1,228,348	47.28
Haute-Saone.....	15	2,528	319,994	126.41
Saone and Loire.....	101	14,278	1,218,351	85.11
Belfort (Territory).....	19	4,956	538,219	108.47

When the need to form a cooperative society has become urgent enough to encourage the promoter or promoters to look for members and a sufficient number has been found, concerted action is finally taken to create a society in harmony with the existing laws. If we select, for example, a workingmen's cooperative bakery, for over 30 years in successful operation in this city, it may be taken as an excellent model of the organization of a typical cooperative society suited to local French conditions. The one in question is a so-called anonymous society, with capital and personnel subject to change, having for its aim the maintenance of a bakery and everything in connection therewith. It is designed to assist the shareholders by letting them participate directly in the profits. The business was established in the eighties for a period of 30 years, and has since been renewed for a similar term. Branches can be opened in the different quarters of the city, where a number of shareholders or adherents will be sufficient to assure at the outset a paying clientele. An administrative commission and a supervising council decide as to the advisability of opening such branches. Capital is fixed at \$5,790, divided

into 300 shares. This can be augmented by deposits coming from new branches. The bakery did not begin to do business until one-fourth of the capital had been paid in. Any member withdrawing before having paid in his pro rata quarter had to reimburse the society for his nominal share in the expenses already incurred. Every subscriber to a share had to pay at least \$0.193 a month until the share was fully paid for, and 5 per cent interest is paid on every \$4.82 paid in, provided the profits of the society admit.

Every share entitles the holder to his proportionate share in the profits and property of the society. No one may have more than one share; nevertheless, a member, after having fully paid for his share, may subscribe to loans decided on by the administrative commission or voted by the general assembly. In fact his subscription is accepted in preference to that of an outsider. Each share is personal and can not be transferred except by the consent of the administrative commission. To be admitted as a shareholder it is necessary to be 21 years of age, a resident of the city, and to be in good standing. In case of death, heirs having claim on the decedent's estate may not under any pretext whatever cause seals to be placed on the stores, goods, or other property of the society or interfere in its administration. They must await the decisions of the general assembly of the society and take their share according to the approved inventories. In case of a widow or of a minor child of a deceased shareholder, the administrative commission will confer with the supervising council to take action as to the transference of the share of the deceased member or the reimbursement of its value. This repayment must be made within three months. Every shareholder has a book with his name, business, residence, and in which are inscribed the amounts paid in by him for his share and the sums paid to him as dividends. Each payment will be written in or signed by the treasurer.

The shareholders are divided into series and numbered consecutively in order that they may be kept in close touch with the society's business. Every series is administered by a president, a secretary, and a treasurer, taken from its own members elected by secret ballot by an absolute majority of all votes cast. Length of office is one year, but the officers may be reelected. One of the presidents, taken by his consecutive number, is admitted to the meetings of the supervising council. The presidents of all the series meet at least once a month. A president must assemble the series as often as he judges necessary, after consulting the secretary and the treasurer, but at least once a month, so that each member may be informed of the progress of the society. The president must notify the administrative commission of the proposed meeting. This meeting may take place at the central office of the society.

The society is managed by an administrative commission of nine members, in addition to two substitutes, all of whom should be French citizens and shareholders. This commission is elected in a general assembly, by a majority of votes cast, for three years, and one-third of the commission is renewed every year. Members whose terms are expiring may be reelected. The first partial renewing of the commission was made a year after the organization of the society. No administrator may take or keep a profit direct or indirect in any enterprise or transaction made with the society or for its account, unless he may have been so authorized by the society. Every six

months a report is rendered by the commission to the general assembly of the transactions and undertakings carried out and authorized by the assembly. If, in case of death, resignation, or other cause, a member of the administrative commission can not act, he may be replaced by the substitute named for this purpose who shall have obtained the greatest number of votes at the general assembly. The administrative commission must meet once a week, the presence of five members being necessary for the validity of its deliberations.

In case of a tie, the president casts the deciding vote. The deliberations of the commission are duly recorded and signed by the president and secretary. Copies of extracts of these deliberations to be produced in court or elsewhere are certified by the president of the council or the member who acts in his place. Whenever the administrative commission has to make important purchases, from \$193 and upward, it will be accompanied by a member of the supervising council to aid, approve, or interpose, if necessary. The services of the administrators are gratuitous; nevertheless, in cases where considerable loss of time is entailed, the administrators will be allowed coupons equivalent in value to \$0.24 for a quarter of a day. In consequence an administrator or member can not be allowed more than four coupons for an entire day. The administrative commission is alone charged with granting a power of attorney and, if necessary, this can be given to some one other than a shareholder. The person having power of attorney may not, in any case, involve the society without the authorization of the administrative commission and the supervising council. This condition must be stated in the power of attorney itself. The commission stipulates, if it sees fit, the amount of bond to be furnished by the treasurer and fixes payments and salaries. A member may not take part in the same deliberating body or be employed in a store of the society where he has a relation or a family connection of any kind. A member may not hold more than one office at a time. The administrative commission has the power to revoke powers of attorney and to discharge employees without either agent or employee having any legal right to damages of any kind, and it may appoint other agents or employees in their place. The administrative commission alone has the right to start any legal action, but with the consent of the supervising council. A two-thirds vote is necessary to undertake such a measure.

The supervising council is elected by the general assembly by secret ballot and consists of 10 members, all shareholders. It is elected for three years and renewed by one-third every year. This council is charged with supervising the transactions of the administrative commission and with the amicable settlement of differences of opinion, charges, or any matter of dispute that may arise between shareholders and officeholders or others of the society. The decisions are always to be rendered with the most scrupulous impartiality, it being understood that the parties concerned will submit to the judgment rendered, otherwise these matters will be placed before the administrative commission. The council, as soon as elected, nominates its officers and fixes the order of its meetings, which should take place at least once a month, on notice of its president. Minutes of all the meetings must be kept and signed by the president and the secretary. The supervising council has the right at will to inspect

(without opposition on part of the administrative commission) the treasury, papers, books, and all transactions undertaken by the administrative commission. To the end that this council may be constantly in touch with the commercial dealings of the society, two members are designated by turn to visit the stores and stock and satisfy themselves as to the good quality of the products. They will record any observations made to them by any member of the administrative commission or by employees. The council will see that the books and records are kept in a regular manner and in conformance with the law.

When an administrator shall be guilty of malfeasance he may be removed by decision of the shareholders, united in general assembly, upon summons of the supervising council. This removal does not bring about the dissolution of the society, which will continue to exist in spite of changes of officials for any cause. Removal can not be effected except by a two-thirds vote of the general assembly, which will also decide whether judicial proceedings shall be instituted against the offending administrator. The powers of the supervising council can be modified by a decision of the general assembly. The general assembly designates one or more special commissioners charged to make a report every six months on the actual state of the society, its finances, and the accounts rendered by the administrators. Accounts can not be approved except after hearing the report of the commissioners in question. In default of the election of commissioners by the general assembly, or in case of hindrance or of refusal to act of one or more of the commissioners elected, the administrative commission and the supervising council, united in a single body, will proceed to the election of other commissioners. During the three months that precede the time fixed for the meeting of the general assembly, and as often as they deem it advisable in the interests of the society, the commissioners may examine the society's books and transactions, and they always have the right, in urgent cases, to convoke a general assembly.

The general assemblies are called together by the administrative commission or by the supervising council and presided over by the president of this council, assisted by two secretaries. The administrative commission will give notice 15 days before a meeting is to be held, stating the purpose of the meeting. All questions announced for discussion and action must be disposed of before the assembly is finally adjourned. Motions made outside of the administrative commission must be signed by at least 15 shareholders and presented to the supervising council a month before the meeting of the general assembly. When the general assembly is called to deliberate on modifications of its statutes, increase of its capital, the proroguing or disbanding of the society, it is not regularly constituted and does not deliberate validly unless it is composed of shareholders representing at least one-half of the society's capital, which is in conformance of article 31 of the French law of July 24, 1867. The presence of the same number of shareholders is necessary to modify the powers of the supervising council. Every male shareholder who does not come to the general assemblies within a half an hour after the time fixed in his letter of notification will be liable to a fine of \$0.193, which will be deducted from his dividends and added to the society's capital.

At every meeting of the general assembly full minutes will be kept, and read at the opening of the following meeting.

There shall be drawn up every six months, in January and July, a complete inventory and a statement setting forth the exact financial condition of the society. This will be placed at the disposition of the commissioners for a report at the next meeting of the general assembly. From the net profits, after deduction has been made for all expenditures deemed necessary by the council and deductions for interest on the sinking fund for loans that may have been contracted, there will be put aside 25 per cent for the formation of a reserve fund. The surplus will be distributed to shareholders as dividends. The reserve fund may not exceed one-half of the society's capital.

The administrative commission and the supervising council united are authorized, when necessary, to contract loans, the total of which must not in any case exceed \$579 at current rate of interest. The note, payable to bearer, should bear the seal of the society and the signatures of the president, secretary, and treasurer. If the needs of the society require a higher amount, the loan must first have the sanction of the general assembly. The repayment of loans, if not determined at the time a loan is made, shall be carried out on the following conditions: (1) To draw a sum below \$154.40, the administrative commission must be notified a month in advance; (2) for a sum of \$154.40 to \$386, three months' notice; and (3) for a sum above \$386, six months' notice must be given. If there are several offers in making loans, the shareholders will have the preference and, if the members oversubscribe the sum to be loaned, division will be made among the shareholders proportionately to the amount of their subscription.

It is considered highly important that the society purchase its own products exclusively. Credit may be extended to shareholders, but in no case for an amount exceeding half the amount paid in by the shareholder. No credit account can run longer than three months from the time it is opened, no matter what portion of the share paid in it may represent. The administration reserves the right to decrease the maximum of a certain account if the needs of the society demand. Every shareholder who stops buying at the society's stores will be called upon to give an explanation before the supervising council and can be, according to circumstances, deprived of the dividend coming to him, so that he will receive only the 5 per cent interest on his share, or he can be compelled to have his share transferred. No share will be taken back above par. Shareholders can not belong to another society having the same object. In case of contravention, a member has no right to the dividends of his share, which will be transferred if the administration deems it advisable.

In the event that the society shall lose one-half of its capital, the administrators shall summon a general assembly of all of the shareholders to decide on the question whether or not to discontinue the society. The action of the society must be made public. When the society has given up business or is about to give it up, the general assembly, on the motion of the administrative commission, shall settle the method of liquidation, and, if necessary, appoint a liquidator. All sums left over after the debts of the society have been discharged shall be divided among the shareholders. The existing laws and by-laws of the society, although accepted by all of the

shareholders, may be altered, if experience shows this to be necessary or the legal statutes which govern commercial societies are modified. Motions to this effect can be made at the semiannual meetings of the general assembly.

In addition to the regulations for governing the society, it is strongly brought to the attention of members that there are obligations of such vital interest to a cooperative society that it is not considered necessary that they should be inscribed as obligatory in the society's constitution. These obligations refer to the bonds of solidarity, which should closely unite the shareholders as members of the same family. This solidarity should not be confined to the material interests of life. Every member should feel confident to find in the society a fraternal support against adversity, but he should also never be behind in extending a helping hand to another unfortunate member. Anyone who seeks to injure the society or one of its members or to disturb the prosperity of the society by act or word in or out of the assemblies shall be called before the supervising council, which will remind him of his duty, or, if the circumstances demand, cause him to be excluded.

In the cooperative bakery bread is sold about two-fifths of a cent, or 10 per cent, less a pound than the price fixed by the municipality. Furthermore, members paying cash are given a discount of 3 per cent. The society in establishing a branch store does not of necessity open new premises of its own. It may have a branch in a favorably situated grocery store, where the proprietor is allowed about one-fifth of a cent for every pound of bread sold by him, the exact amount being determined by the administrative commission. It will be seen that the grocery-store keeper has the opportunity to sell goods of his own to those buying bread.

In the preceding paragraphs the organization of a practically working consumers' cooperative society in Lyon has been described. It is of interest to note now a few differences that exist between this and a cooperative society engaged in the purchase and sale of farm products. Like the consumers' society, this second association is started with a variable capital and membership. It is composed of shareholders and also of other persons admitted as participating adherents, under conditions fixed by an administrative council, especially on payment of an entrance fee, which in no case is to be less than 39 cents. Such a participating adherent does not have the right to take part in the society's deliberations and management. The society shall avoid all speculation in farm or other products; and any political, religious, or other discussion foreign to its purpose is forbidden. A period of 10 years is set for its legal duration, but it may be dissolved earlier or renewed, according to circumstances.

The society's capital is fixed at \$9,650, divided into 500 shares of \$19.30 each. Nevertheless, the administrative council shall have the right to advance the capital to \$14,475 by means of subscriptions received later. This capital can also be raised from year to year by the general assembly voting the emission of new shares. Every share is payable: One half on subscribing and the other half on demand of the administrative council, but every subscriber may pay down the whole sum at once if he wishes. Interest may be collected at 5 per cent on amounts unpaid. After a delay of three months the

society may dispose of the unpaid share after having notified the subscriber by means of registered letter. If one share is held by several persons, the society can only recognize a single proprietor, and, in consequence, all coproprietors of a single share must be represented by only one of their number. No one may hold more than 50 shares.

Every shareholder has the right to withdraw from the society by notice signed by him in a special record book kept at the society's office. This notice must be given at least one month before the close of the fiscal year. Every shareholder who withdraws from the society will be held liable, during a period of five years, for debts and engagements that the society may have entered into previous to his resignation, and this responsibility shall in no case exceed the total amount of his shares.

The society is administered by a council of not less than 9 members and not more than 18, chosen among the shareholders and elected by the general assembly. The administrators must own during the time they are in office one share each, which shall be stamped as non-transferable and deposited as security in the treasury of the society. The administrators are elected for six years, and their number shall be renewed by one-third every two years. The first two series shall be designated by lot, and the administrators may be reelected. The services of the administrators are absolutely gratuitous, and they incur no personal responsibility by reason of obligations they may make on behalf of the society. The administrative council may delegate its powers to a committee of directors consisting of three or five members. The council may, moreover, nominate a single director, who need not be a member of the society, and it may also retire him. The director may receive an annual salary, the amount of which is fixed by the administrative council, which also determines any other advantages it may allow him.

There shall also be a supervising commission, consisting of one or several persons, not necessarily all members of the society, that shall be designated each year by the general assembly. Commissioners may be reelected. The general assembly, regularly constituted, is composed of shareholders. One shareholder may be represented at the assembly by another shareholder.

If at the end of the year a balance is found in favor of the society, 5 per cent thereof shall be set aside as a reserve and then there shall be deducted, if enough on hand, to pay shareholders 5 per cent net on the amount paid in. After this twofold deduction, in case there still remains a balance, 10 per cent shall be placed in the reserve fund, 10 per cent at the disposition of the administrative council for a bonus to the directors and employees, and 80 per cent to all shareholders or participating adherents pro rata, according to the amount of their dealings with the society during the year. In case there is insufficient for the payment of the dividend of 5 per cent to the shareholders, the rest can be taken from the reserve fund and, in default of this, from available profits in subsequent transactions, after the first legal reserve of 5 per cent has been set aside. Should the accounts of the society at the end of the year show a loss, the latter will be covered by the reserve fund, and in case this is not enough from the available profits on subsequent transactions and before a new amount is added to the reserve fund. All regular interest not claimed within five years shall revert to the society and every extra

dividend not claimed within one year shall likewise revert to the society. These sums shall be added to the supplementary reserve. When the reserve fund of the society has reached the tenth part of the initial or augmented capital of the society nothing more shall be added to this fund, but other sums accruing shall be placed to the account of the supplemental reserve fund and when the total of these reserves shall have attained a fourth of the initial or augmented capital, the general assembly shall decide, on motion of the administrative council, whether additional moneys shall be left to the account of the reserves in whole or in part, or distributed to the employees or divided among the shareholders and adherents, or used in some agricultural enterprise.

A French cooperativist gives certain homely but practical directions for arranging a cooperative grocery store. He recommends a deep store so as to permit the installation of a large counter where goods can be easily spread out by the clerks in filling orders. This counter should be protected by a screen that will prevent children as well as adults from manipulating the merchandise. Space enough should be left between the counter and the shelves behind to permit the employees to pass without trouble. No shelves should be placed on the counter, but below on the inside may be kept kegs of lard, sauerkraut, salt, soap, and receptacles that are to be returned to the producers or others. Behind the counter, along its entire length, to the rear of the passage left free, should be erected from the floor up, as far as the height of the counter, a set of drawers for rice, macaroni, coffee, and the like, taking care not to put these near salt or other articles that could impart dampness or damaging odor or taste. Above these drawers should be placed narrow shelves as high as the ceiling for merchandise in packages or boxes. In this manner the greatest number possible of articles are exposed in a way "to permit the member not to forget anything." The position and classification of goods should be changed every month. This allows the buyers to see things that they may not have expected to procure at the society's store, and has the further advantage of keeping the goods from getting old. Part of these shelves should be reserved for fruit sirups and liquors and, if possible, for perfumery, which should always be stocked in small quantity, so as not to lose its strength. If the society is to deal in shoes, these would best be kept in a separate room or at least be separated by a partition from the grocery. The greatest cleanliness should be observed in the care of the store.

In conclusion, this cooperativist says that every new article put in stock should be the object of especial advertising in the store for a couple of weeks, and this should also be done for any change in price of commodities since the issuance of the latest catalogue. The cost of fitting up a grocery store and stocking it with miscellaneous products is given at \$1,160, which includes, among a multiplicity of other things, \$200 for wine and \$4.80 for tea.

The distribution and delivery of domestic supplies is made either at the place where the society's chief store is located or by messengers on foot or with tricycles. Bread is often carried in baskets on bicycles. In order to facilitate the delivery of goods, branches are established in different parts of the town if there are sufficient customers to warrant such action. The instance already cited of bread being deposited in a noncooperative store occasionally applies to

other goods by arrangement with proprietors of stores where similar merchandise is not kept.

While in the case of bread there is a saving of 10 per cent in purchasing at a cooperative store, the saving is from 10 to 30 per cent for farm products and from 10 to 15 per cent in groceries. At least 10 per cent can be reckoned on all other products. A well-managed cooperative society in this city, notwithstanding it sells cheaper, nearly always gives good results, especially when the administrators have some knowledge of the trade in which the society is engaged. The administrators always strive to purchase direct from the producers, buying at first hand to eliminate the profits of the middlemen.

Usually they show great care to buy at the lowest possible rates, often getting quotations from half a dozen producers before purchasing. They are always safe in buying certain quantities, as they know exactly the number of their regular customer members and do not speculate on a transient trade. In case the society is too poor to deal direct with the producers, it goes to the jobbers and pays prevailing wholesale market prices. If the order is considerable, a small discount is allowed, which is willingly granted, however, and differs according to the quantity purchased. Local cooperative societies selling only to their members pay no taxes whatever, except a wine license. Cooperative societies selling to others besides their members are subject to all taxes levied on ordinary commercial stores. When the society is well off financially and can purchase in larger quantities, the benefits accruing to members are still greater. It may be mentioned that the hospitals of Lyon, which form a sort of cooperative union, have lately purchased a mill for grinding their wheat, thus reducing the cost of their flour.

The local cooperative societies act quite independently of non-cooperative stores in the same lines of business. The small independent retailers situated in parts of the city where operatives live are, on the contrary, not favorably disposed toward the cooperative societies, for the reason that they are absolutely unable to compete with them. They can not buy on such favorable terms as many of the cooperative societies, and they are obliged to sell at higher prices.

In consequence they lose a good many of their customers. Wholesalers are not affected in the same way as the small retailers. Nearly all the wholesale houses dealing in domestic supplies sell at retail as well, and in such cases their selling prices are often lower than those of the small retailers. These large wholesale-retail stores are located for the most part in the wealthy quarters of the town, where cooperative societies are not found. Their attitude toward the societies seems outwardly to be one of indifference.

While the working people recognize the benefits coming to them in belonging to cooperative societies, it is generally understood that efficient management is a very vital factor in the maintenance of a paying society. It is difficult to find first-class administrators disposed to devote gratuitously their energy and time to the undertaking. It is stated that occasionally some have tried to get a percentage on the purchases they have made on the society's account, but experience has proven that when this system is indulged in at length the existence of the society is jeopardized.

The question has been raised as to whether municipalities should contribute to the support of cooperative societies, especially as the

latter exist among poorer people. It does not, however, meet with general favor, even in the societies themselves.

The cooperative societies of Lyon in particular have come out strongly on this point, in view of a recent Government project to authorize municipalities to subvention, under certain conditions, cooperative societies. They observe that this would be a tax on everyone and an unfair advantage over small tradesmen. The great rise in the price of comestibles has set everyone here thinking how the difficulty can be overcome, and self-supporting cooperative societies are mentioned as decidedly helpful. Although the advance in the price of meat began fully 20 years ago, it has only been during the last two or three years that the increase has been so keenly felt. Cooperative butcher shops seem to be the hardest of all to conduct in this country. They have been tried in Lyon with disastrous results to those concerned. It was the purpose to bring the cattle raisers and cooperative societies in close touch. It was learned too late that the peasants sold to the societies, which sought to buy at lowest figures, only those animals which they could not dispose of to better advantage elsewhere. This project was attempted by a master cooperationist in this city who relinquished the enterprise, declaring it unfeasible. But, excepting the cooperative butcher shops, it will be found that the cooperative societies in this consular district, organized on the lines already mentioned and in the hands of experienced, conscientious managers, supported by members who take a serious interest in the society, are profitable to the members and apparently a benefit to the various communities in which they are situated.

CARL BAILEY HURST, *Consul*.

AMERICAN CONSULATE,
Lyon, France, December 14, 1911.

BORDEAUX.

In Bordeaux and the Bordeaux consular district higher cooperative education has not as yet gained the same foothold as in other cities of France, such as Paris, Lyon, Roubaix, Tourcoing, etc.; yet in the smaller conception of the term, and with perhaps a lesser desire to bring about a real economic transformation, the individual member or "sociétaire" enlists in the scheme as much for individual monetary gain as for the achievement of improved conditions for society in general. The desire for the money at future dates is apparently responsible for increased membership—just as much so perhaps as any desire to obtain commodities more cheaply than elsewhere, especially as the very same commodities are purchased for the same retail price as paid in other stores of the locality, sometimes even a little dearer.

The above manner of selling at retail or "au prix du détail" is much in vogue, and consists of actually dispensing of the commodities in stock for about the same price as is paid in any other retail store of the city.

This method of sale would at first sight appear to conform but little to the popular cooperative idea, because economy on all expenditures being the unquestioned aim of the divers societies, it

would appear more natural to sell at the lowest price possible, namely, the actual cost of the merchandise or necessities of life to the manufacturer. Despite its outward signs of attractiveness, this method of sale appears to have its drawbacks, and meets with but comparatively little encouragement in this section of France, though adhered to by the Army and Navy and Civil Service Stores of London. The idea is naturally a popular one amongst the poorer class of citizens, in actual need of placing their money as advantageously as possible in order to obtain the immediate maximum return therefrom.

Members of cooperative societies here point out that any parties desirous of incorporating a society of this nature without adhering to the rule of Rochedale, would do better by dispensing with the idea at once and simply dealing with the merchants of the locality, with a view to obtaining reductions on prevailing retail prices.

Furthermore, it appears that the sale of the necessities of life at practically cost price often tempts members to purchase on account for their friends, thus making a business of realizing extra profits as intermediate buyers. ;

RETAIL PRICES PREVAIL.

By selling at cost price, it appears that the society itself would suffer, inasmuch as all attempts at individual and collective economy would be greatly hindered. Unfortunately many persons enter these societies on a purely speculative basis; and there is another class of individuals which prefers an immediate gain of several cents per day to a more substantial revenue at a later date, and a decidedly greater increase in the financial strength of their respective organizations.

COOPERATIVE SOCIETIES OF BORDEAUX.

The cooperative societies of Bordeaux do not raise retail prices to any considerable extent, as is sometimes done elsewhere, in an effort to declare a bonus of from 20 to 25 per cent on sales—in fact, they seldom exceed, and more often fall somewhat under, prevailing retail prices, in an attempt to draw a larger clientele, taking pains, however, to assure a marginal profit sufficient to be put to the uses hereinafter described. It is a well-admitted fact that if the "cooperators" are desirous of extending the advantages of their societies to the really poorer classes, they must renounce large dividends and sell reasonably, leaving always a small bonus of, say, 5 per cent, for example.

METHODS OF SALE AT BORDEAUX.

The Societe Cooperative de Bordeaux, which at the time of its inception possessed a capital of about \$3,000, has since increased this capital to about \$10,000. It has issued in all a total number of shares (1,639) of a value of about \$16,390.

Any person purchasing may become a member or a shareholder without assuming any responsibility whatever.

The commodities delivered to the "cooperators" realize a net profit to the association not exceeding 15 per cent, of which 5 per cent is credited to the account opened to each member.

When this credit attains a total of \$10, the "cooperator" or purchaser becomes the owner of a share of equivalent value in the stock of the society or is entitled to reimbursement.

The interest allotted to the shareholders is determined upon each year by the general assembly. All commodities are sold for cash without other discount than the statutory remittance of 5 per cent.

The only loss to which the shareholders may be subjected is that of their capital in the society.

Any "cooperator" whose purchases within a period of five years, dating from his first order, do not attain the sum of \$10 forfeits all claim to the foregoing privilege.

It is to the interest of every cooperator to endeavor to enlarge the membership of the society, this action on his part realizing a smaller proportion of general expense, and consequently a general reduction on prices, the resulting profit not to exceed the statutory provision of 15 per cent.

Delivery of purchases is made free in the city, also in the Department of the Gironde (packing included), provided the sale amounts to not less than \$5. Mineral waters and sugar are excluded from this category.

It will be seen from the foregoing that each cooperator shares the fortune of his society in so far as the profit and loss on the sale of commodities is concerned.//

COMPARATIVE COST OF COMMODITIES.

Comparison is herewith made of certain necessities of life with reference to cost, purchased in a cooperative society and a well-known retail store of this city:

	Unit of quantity.	Cooperative society.	Retail house.
		<i>Cents.</i>	<i>Cents.</i>
Beer.....	Bottle.....	14.4	9.6
Borax.....	1.1 pounds..	89.0	8.0
Cheese (Holland).....	do.....	23.1	23.1
Chocolate.....	do.....	28.9	28.9
Coffee (Mocha).....	do.....	43.4	43.4
Crackers.....	do.....	26.0	32.8
Flour.....		(¹)	(¹)
Mustard.....	Per pot.....	11.0	9.0
Peas.....	1.1 pounds..	5.7	5.7
Starch.....	do.....	7.7	7.7
Vinegar.....	1.1 quarts..	15.4	11.5

¹ Retail market price.

In making the above selection of articles great care was exercised, in order that the provisions specified might all be of the same grade and quality, thus eliminating the possibility of a useless comparison. A strictly cash system is in force here, any other being regarded as a menace to the life of the society.

DISTRIBUTION OF PROFITS.

The total amount of purchases being known, it then devolves upon the society to determine the scale for the proper distribution of profits. This is often done by taking into consideration the connec-

tion between the total realized on sales and the total of the net profits and applying this percentage to the total of the purchases of each member. This method of procedure, if not carried out to the letter, is, it is understood, practiced in more or less modified forms among certain societies.

Taking a purely hypothetical case for example:

	Francs.
Total sales.....	100,000
Total profits.....	150,000
Percentage.....	per 100.. 15

Then to each member having bought for 1,000 francs a bonus of 150 francs would be distributed.

COOPERATIVE SOCIETIES WITH RESPECT TO THE LAW.

Under the law of April 19, 1905, all cooperative societies are required to take out licenses in the same manner as any other retail organization. This comprises even those societies selling to their members only. Exception is made for those who do not maintain stores and whose goods are kept in warehouses. Furthermore, all other taxes which devolve upon the average citizen are likewise applicable to the societies, among them being the stamp tax on shares issued, the ground tax, the "mortmain" tax, the tax on equipment, etc., and if the society sells alcoholic beverages the liquor tax also. And more recently a legislative movement has been on foot with a view to passing certain enactments which will subject the members of these societies to the "impôt sur le revenu," or the income tax.

DEPARTMENT OF THE BASSES-PYRENEES.

At Biarritz only one small society is in existence; it bears the name of "l'Esperance" and is situated Avenue Labas.

It does not distribute a general class of commodities, but only bread. This sells for 7.23 cents per 2.2046 pounds, and a better quality known as "de luxe" for about 8 cents for the same amount. A large part of the profits of this society being devoted to charitable works, a detailed discussion of its manner of procedure would appear irrelevant in this report.

RÉSUMÉ.

The cooperative movement at Bordeaux, being yet in its inception, and a rather precarious inception at that, has so far given rise to little or no hostility on the part of retailers and small dealers in general—that is to say, those who are primarily affected by cooperative efforts.

The cost of living here has certainly not diminished under the influence of such societies, nor has any immediate economic transformation resulted therefrom.

J. D. WISE,
Vice and Deputy Consul.

BORDEAUX, FRANCE, December 15, 1911.

RHEIMS.

Cooperative societies whose purpose is to supply their members with the common necessities of life by purchasing them directly from the producer or wholesale dealer, thus eliminating the services of the middle man, have existed in this consular district for over 30 years. There are also in this immediate neighborhood some agricultural cooperative societies whose purpose is not only to purchase direct from the producer or wholesale dealer all necessities for the cultivation of their several products, but also to sell for their members the products of their fields, eliminating entirely the services of the middle man.

The development of all these cooperative societies was at first a very slow one, but with the increase of the prices of all necessities of life they have grown from year to year, so that in the year 1909 the number of all cooperative societies in this consular district was 282, with memberships from 20 to 2,000, the total membership being 63,433 and their year's business amounting to 33,814,500 francs (\$6,526,198.50).

The material from which the membership of the different cooperative associations is drawn is composed of workingmen, of miners, of railroad men, of farmers. The incentive for the organization of these societies is generally given by a number of public-spirited men among the laboring classes, who, by concerted action, wish to overcome the growing difficulties caused by the ever-increasing cost of the common necessities of life. Some of these societies are also organized on the suggestion and with the help of well-meaning employers, particularly the heads of larger manufacturing establishments located in more or less isolated parts of the country.

A cooperative society is generally formed by a few persons belonging to a certain class of laboring men, who constitute a provisory committee, whose task is to prepare the constitution and by-laws for such a society, in which the organization of a service for the purchase and the repartition of the merchandise and the establishment and maintenance of a suitable storeroom are provided for, and, this being prepared, convoke all fellow workingmen of their class for a reunion, in which the plans of this subcommittee are submitted to the assembly. If the number of participants in the new enterprise is a sufficient one, the officers and the executive committee of the society are elected by the assembly and the society is organized. As a rule, each member binds himself to subscribe a certain fee for the foundation of the society. The sum to be subscribed varies according to circumstances, but it never exceeds the amount of 100 francs (\$19.30), and it is optional with the subscriber whether to pay this admission fee at once or in small monthly installments.

The administration of the society, with a president at its head, is conducted by an executive committee consisting of from 5 to 15 members, which supervises the purchase of the merchandise, controls the purchasing and sales accounts, keeps a strict inventory of all stock on hand, and keeps itself well posted on the market price of merchandise to be distributed among the members. In a storeroom, which is kept by a clerk with one or several assistants, the members of the society receive at prices which are about the same as the prevailing market prices, against the payment by counters, which they obtain from the treasurer of the society, either against cash or against any

credit that may be due them by the society, the merchandise they wish to buy. Where, as is frequently the case, a bakery is operated by the cooperative society, the bread is delivered daily, except Sundays, at the members' residences. All other articles have to be called for at the society's store.

The net profits made by the society, which vary between 12 and 20 per cent, are at the end of the fiscal year either distributed in cash among the members pro rata of their purchases during the past year or credited to their accounts, to be drawn against for purchases in the coming year. Some societies organized by workmen of certain manufacturing establishments, whose head is generally the employer, while the officers are all employees, credit their members with the net profits gained on purchases and sales made during the year pro rata of their purchases, the sums thus credited to be turned over to them in cash only after they have attained the age of 50; or, in case of death, to their heirs; or in cases of serious sickness; or, finally, when a member leaves the factory. This method of distributing the profits made by buying from first hands and selling at the current market prices is a highly commendable one—it assures savings to each member without any visible sacrifice to him. In an establishment not far from this city, in which this ingenious method is applied, out of 250 workingmen 144 cooperators of less than 50 years of age have a total of about \$5,000 to their credit, of whom 5 have more than \$200 and 10 between \$100 and \$180 each.

There are as yet no open signs of hostility either by the cooperative societies against independent stores or wholesalers, or vice versa, but lately a group of French merchants have prevailed upon the Government to tax the cooperative societies with a license (*patente*). The natural consequence of this will be that the cooperative societies, which thus far remained within the limits of their membership in disposing of their merchandise, will, as an act of retaliation, step beyond these limits by offering their goods to all who wish to buy from them, thus making direct competition to the noncooperative dealers.

The cooperative societies buy as much as they can directly from the producers; such articles as sugar, kerosene, benzine, alcohol, boots and shoes, textiles, oils, soap, flour, etc., are all bought from the producers or manufacturers without the intermediary of a middleman. The orders for such articles are either sent directly to the respective firms or individuals, or given to their traveling agents. The producer, the manufacturer, and even the wholesale merchant, as a rule, looks upon the cooperative societies as very desirable customers, and while the producer receives the greatest part of their trade, the cooperative societies do not discriminate against the wholesaler or even jobber as long as they furnish suitable goods at the best possible figures.

In the larger cities of this consular district, and particularly in this city, there are comparatively few cooperative associations. A number of those which existed formerly have gone out of existence for several reasons; one of these is that in the larger cities among the masses who wished to benefit by cooperation few public spirited men could be found who would lend their services to the manipulation and the conduct of these societies gratuitously; while they are all willing to receive the benefits of cooperation, very few are ready to assume the active help required. Several large wholesalers, noticing the weakness of the societies and finding that the public at large was

well disposed to encourage an undertaking which would enable it to buy the necessities of life at modest prices, started out to reach this public in a direct manner by establishing a number of stores in which about all the articles usually supplied by the cooperative societies were offered at even less figures than the cooperative societies had demanded. These latter, which, at best, had only been conducted in a perfunctory manner, soon had to give way to the new enterprise; their storerooms, as well as most of their employees, were taken over by the new companies, which thrived well from the beginning and seem so to continue, while the public accepted, and still accepts, the new conditions with great favor. There are a few independent stores which offer the public specialties in table delicacies; excepting the butcher and baker shops the rest of the stores disposing of the common necessities of life belong to five or six large wholesale grocers, who not only do a very large business here but extend their agencies through many parts of this consular district.

W. BARDEL, *American Consul.*

RHEIMS, FRANCE, *December 13, 1911.*

NANTES.

At Nantes the influence of cooperative societies over the cost of living has been of no account. Though they are composed of about 2,500 families, their effective force is too small in proportion to the population (170,000).

In several other towns of the "department" of Loire-Inferieure their influence, on the contrary, has been felt and has prevented the rise in the cost of bread, sugar, and various other food products.

Up to now cooperative societies have had no connections with farmers for the production and marketing of agricultural products, excepting that syndicates of market gardeners and farmers who produce fruits, vegetables, and butter have been formed with the purpose of shipping a large part of their products to England and elsewhere. This has been the cause of maintaining high prices and even increasing the price of such commodities.

There are several cooperative societies at Nantes, the principal of which is La Ruche Nantaise, founded in 1884. This society limits its action to the manufacture of bread and is composed at present of 1,300 members. It owns a house with a large hall for catering, of a value of 120,000 francs (\$23,160). Its capital is composed of as many shares of 50 francs (\$9.65) as there are members, such shares bringing in an interest of 5 per cent. This society does not give any other benefit.

Another cooperative society here is L'Economie, founded in 1897. In order not to compete with La Ruche Nantaise, L'Economie does not sell bread but all other food products, as well as shoes, haberdashery, etc. It has 1,400 members, and its annual business amounts to 35,000 francs (\$6,755). It has five branch houses in different parts of the city. Its capital is composed of shares of 50 francs (\$9.65) without interest. A return varying from 3 to 4 per cent is made on the purchases.

There are other cooperative societies of less importance recently established: La Concorde Douaniere, L'Economie Douaniere, L'Entr-

aide, La Menagere, at Nantes; La Solidarite, at Basse-Indre; La Ruche Castelbriantaise, at Chateaubriant; La Fraternite, at Coueron; L'Economie Paimblotine, at Paimboeuf; La Semeuse, at Le Pellerin; L'Economie Pouliguennaise, at Le Pouliguen; Le Maison du Peuple, La Maison du Peuple de Penhouet, La Proletarienne, La Ruche Nazairienne, La Seve Douaniere, and l'Union, at Saint-Nazaire.

All these societies are composed almost wholly of workmen. Only members of trades-unions can be appointed on the board of directors. They have relief funds against illness, forced idleness, etc., which are obtained by the commercial profits, and the relief is in proportion to the purchases of the members.

These cooperative societies are said to sell at lower prices than the merchants. They have no connections with independent retail dealers, but the latter are evidently jealous of the former. Independent merchants have, however, as yet done nothing to suppress cooperative societies.

Wholesale dealers willingly do business with cooperative societies, but, I am informed, at higher prices, and they are said to often take an unfair advantage of the inexperience of certain managers.

In Brittany, cooperative societies for food consumption have formed a federation with headquarters at Nantes. This federation buys at wholesale, and sells again at small profits in order to favor the cooperative societies. The federation manufactures its flour, shoes, preserves, etc.

In the "departement" of Loire-Inferieure there is no cooperative society under the supervision of the State, "departement" or municipalities.

Such cooperative societies as cooperative of Customs Employees at Nantes and St. Nazaire, and the one of Railway Employees at Chateaubriant are entirely independent.

LOUIS GOLDSCHMIDT,
American Council.

NANTES, FRANCE, *November 23, 1911.*

CALAIS.

In the consular district of Calais, France, which embraces the French Department of the Pas-de-Calais, there are 118 cooperative societies. By far the greater number of these societies are cooperative bakeries. The 118 cooperative societies have a membership of 32,604, and do an annual business of \$2,420,220. The total population of this consular district is about 2,000,000.

The cost of living in Calais is the highest in France, excepting Marseille. This is due to its location midway between London and Paris and its many prosperous industries.

In Calais there are three cooperative societies, viz, the Coopérative Socialiste, the Coopérative Fraternelle, and the Boulangerie Coopérative de Calais.

The Coopérative Socialiste is the most important cooperative society in this consular district and is composed largely of working people engaged in the machine-made lace industry in Calais. The Coopérative Socialiste aims to furnish all the necessities of its members, including clothing, groceries, bread, and coal.

The Coopérative Socialiste was organized in 1898, commencing with a membership of 45. By a natural and gradual growth this member-

ship has now attained 1,400. It is founded on the Rochdale system, and has no special features, excepting that by virtue of a contribution of 3 cents per week the members of the *Coopérative Socialiste* are insured against unemployment and sickness as follows: Two dollars per week and seven 4-pound loaves of bread per week, during sickness or time out of work. This is done under the supervision of a commission named for that purpose.

Further the dividends of the *Coopérative Socialiste* are not paid in money, but in clothing, shoes, and coal. This is an excellent provision for the improvident working class. The benefits amount to about 10 per cent of the annual purchases of the members of the society. This organization is certainly of great benefit to serious and half serious working people as they are obliged to pay cash, and when known as members of this society they are unable to get credit from other merchants. They are not exploited by merchants and get in weight what they pay for.

The purchases of this society are made by the general manager, and are made generally throughout France from the producers, while all English and colonial products coming from England are purchased from the *Coopérative Wholesale Society (Ltd.)*, of Manchester, England.

The *Coopérative Socialiste* goods are sold and delivered over the counter or at domicile.

The *Coopérative Fraternelle*, of Calais, was organized in 1899, commencing with a membership of 87; it has now grown to a membership of 596 and pays semiannual dividends of about $8\frac{1}{2}$ per cent after paying all expenses. Its organization is English. Its supplies are bought by its manager from the *Cooperative Wholesale (Ltd.)*, of Manchester, England, and also from French producers and French wholesale houses. It has no special features. This society, like the *Coopérative Socialiste*, of Calais, makes no pretention of underselling other merchants. The goods of the *Coopérative Fraternelle* are sold and delivered over the counter or at domicile. Many well-to-do lace manufacturers belong to this society.

The *Boulangerie Coopérative*, of Calais, was organized in 1892. Commencing with a membership of 11 it now has a membership of 800. This society is uniquely organized for supplying bread to its members. In 1911 this society supplied its members with 650,510 pounds of bread. Instead of paying benefits in money the same are paid by decreasing the price of bread. At the present time this society furnishes its members with a good 4-pound loaf of bread for 13 cents, while the independent baker asks 15 cents for the same kind of loaf. This society has no sale room, but the bread is delivered to its members at domicile.

As to the attitude of noncooperative stores toward cooperative societies the independent dealers are hostile to the cooperative societies, who do them much harm. Wholesale firms like to have the custom of cooperative societies, who naturally are big buyers. It has been stated that the general managers of the cooperative societies here do the purchasing for their societies. This, however, is done under the supervision of a committee for that purpose.

Cooperative societies here make no open attempt to take away the trade of independent dealers.

As inclosures, herewith are being sent the following:

1. Constitution and by-laws of the *Coopérative Socialiste*.

2. Livret pour Timbres-Bénéfices.

3. Constitution and by-laws of Boulangerie Coopérative.

The Livret pour Timbres-Bénéfices is used for keeping account of the purchases of members and for the distributing of necessities to members unemployed or ill.

Respectfully submitted.

J. B. MILNER,
American Consul.

CALAIS, FRANCE, *January 4, 1911.*

ROUBAIX.

Roubaix, the center of the textile industry in France, as well as an important manufacturing city in general, has a population of 122,000, 35 to 40 per cent being of the working class, to whom the cost of living is a serious question.

Within the last few years food prices have gradually increased on practically all articles, although the wage scale remains as formerly. The thriftiness of the French people is axiomatic. This, however, applies to the upper and middle classes, for, as may readily be seen, a workingman in a textile mill or other like establishment with a weekly wage of barely \$6 and a family of four to six to support, can put very little if anything in a savings bank, particularly in view of the present cost of living.

In recognition of this condition, each commune or district maintains a bureau de bienfaisance (charity and benevolent society) which is supported in part by the city and partly by public subscription. If a workingman does not earn sufficient to support his family, the bureau supplies the family with a certain amount of bread and meat per week.

As a further assistance to the working class, each city maintains a cantine scolaire with branches in various parts of the city. These cantines scolaires or lunch rooms supply meals to the school children (city schools) at a cost of 4 cents. The poorest children can have these meals free on approval of the city authorities, who examine the individual cases. These meals consist of soup, fresh meat, potatoes, one other vegetable, macaroni, cheese, bread, and beer.

All foods are fresh and are passed by a special inspector. During 1911 over 500,000 meals were served as against 480,714 in 1910.

The bureau de bienfaisance has also charge of the distribution of clothing, coal, etc., during the winter.

The accompanying table indicates the difference in price of the various common articles of food during the years 1910 and 1911. In connection with this point, the exceptionally dry summer of 1911 should be taken into consideration. The heat and drought practically ruined all crops, and owing to the lack of pasturage the yield of milk was reduced nearly one-half. The quality of the milk was necessarily inferior, three times the usual amount being needed to produce 1 pound of butter.

The prices on farm produce rose to an extreme height, which resulted in the serious riots in various sections of the country mentioned in the public press. Considerable damage was done, particularly to the stores and carts of egg and butter merchants in this city by the angry crowds in spite of the troops stationed in the city.

Quiet was not restored until the municipal authorities took charge of the public market and supplied the farm products at a lesser figure. Prior to the action of the city authorities, fresh eggs could not be purchased under 80 cents a dozen.

Several attempts have been made to introduce cold-storage meats, butter, etc., from Australia, New Zealand, and Argentina, but these attempts have not met with success, as the workingman prefers his fresh butter and horse flesh. The amount of horse meat consumed is increasing each year; about 2,000 horses were slaughtered in Roubaix in 1910 and over 2,500 in 1911. Horse flesh sells a few cents cheaper per pound than beef.

In the city of Roubaix there are 23 cooperative societies, divided as follows: Breweries, 13; bakeries, 7; groceries, 3. These companies or societies are formed by a group of middle-class men, or workingmen, who each contribute a certain sum to a general fund for the purchase of supplies and who consequently share in the profits resulting from the sales made.

These founders are expected to make a certain amount of sales through their friends each year, in accordance with the following plan: Each founder is supplied with a certain number of tickets, which he sells at 10, 15, or 20 francs (\$2, \$3, or \$4). The holder of one of these tickets is entitled to purchase his supplies of bread, groceries, beer, etc., through the cooperative society, obtaining the benefit in prices established. This ticket can be resold or, in some instances, will be accepted in return by the society. The founder who originally sells the ticket is responsible, however, for all bad debts. Owing to little credit being given, bad debts are rare.

It is said that workingmen holding tickets in these cooperative societies seldom require assistance from the bureaux de bienfaisance as most of the societies have their own savings banks and benevolent associations.

The cooperative societies are undoubtedly a great benefit to the working class, as, for example, a small barrel of beer, costing \$3 at retail, can be obtained through the society for \$2.10. Beer is an important item in the workingman's meal.

The following table gives the prices of the common articles of diet at the present date, as compared to the same period in 1911. The prices of meats are for second quality; prime meats run 10 to 15 per cent higher:

Articles.	1911	1912
Beef.....per pound.....	\$0.23	\$0.30
Veal.....do.....	.30	.40
Mutton.....do.....	0.18- .30	0.22- .40
Pork.....do.....	.25- .30	.30- .35
Chickens.....each.....	.50- .75	.75- 1.00
Coffee.....per pound.....	.38- .60	.44- .72
Butter.....do.....	.38	.45
Potatoes.....do.....	.02	.03
Bread.....do.....	.03	.04
Rice.....do.....	.05	.06
Flour.....do.....	.05	.06
Sugar.....do.....	.16	.20
Eggs.....each.....	.03	.04
Milk.....per quart.....	.05	.06
Coal:		
Soft.....per ton.....	6.20	6.56
Hard.....do.....	8.10	8.68

The following table indicates the average labor wage in the principal industries and trades in the city of Roubaix (applying equally to the other cities in the district). The working day is 10 hours summer and winter, except with the building trades, where the 7-8 hour day goes into effect during the winter months.

At the present moment, owing to the general business depression, the working day has been shortened.

	Wage per. day.	United States equivalent.
Textiles:	<i>Francs.</i>	
Spinner.....	5.00-6.00	\$0.96-\$1.16
Spinner's assistant.....	3.75	.72
Weaver.....	4.00-4.50	.77- .86
Dyer and finisher.....	4.00-5.00	.77- .96
Foreman and overseer.....	7.00-8.00	1.35- 1.54
Trades:		
Carpenter.....	4.00-6.00	.77- 1.16
Boiler maker.....	4.25-7.00	.82- 1.35
Cabinetmaker.....	5.00-6.00	.96- 1.16
Blacksmith.....	4.00-5.00	.77- .96
Printer.....	4.00-5.00	.77- .96
Bricklayer.....	4.00-5.00	.77- .96
Locksmith.....	4.00-5.00	.77- .96
Painter.....	4.00-5.00	.77- .96
Plumber.....	4.50-5.00	.86- .96
Mechanics:		
Vise.....	4.50-5.00	.86- .96
Lathe.....	4.00-5.00	.77- .96
Laborer.....	3.50-3.75	.67- .72
Shoemaker.....	4.00-4.50	.77- .86
Brickmaker and tanner.....	4.00	.77

Respectfully submitted.

JOSEPH EMERSON HAVEN, *Consul.*

ROUBAIX, FRANCE, *March 4, 1912.*

ST. ETIENNE.

In a general sense, a cooperative association is composed of a number of persons feeling the same needs, and who unite to obtain more satisfactory results as a collectivity than they would by individual effort. But in such combinations there is an hierarchy, as in everything else; first, comes the simple store which buys directly from the producer at better terms than the ordinary retail dealer; secondly, a federation of several of these associations, who purchase large quantities from the producers at still better terms; and, finally, those associations who produce themselves, but these latter are rare in France.

These cooperative associations, and especially those which form part of a federation, are able to sell goods at less than the market prices, and even if they sell at the same prices, the consumer is benefited by the quality, and frequently by the quantity, as just weight is always given.

Cooperative societies in France almost exclusively concern the necessities of life—groceries, bakeries, clothing, etc. Their aim is to supply better and more economically the needs of their members than is possible in ordinary commerce.

Although the first cooperative society was organized in England in 1844, it required several years before France adopted the system, and it may be interesting to state that the first society of the kind was founded at St. Etienne in 1855, La Ruche Stephanoise, which, by the way, has recently been dissolved.

The total number of cooperative societies at present in France is 2,882, with a membership of 803,000, while the amount of business transacted reached 263,080,126 francs, about \$50,774,464. The number of associations in all Europe is a little over 12,000, with a total membership of 7,000,000, to which number, if the families be added, representing on an average about four persons, would bring up the total number of those who profit by the cooperative movement to 28,000,000.

France stands in the first rank as regards the number of societies (2,882), but second in point of number of members.

In this immediate district the working classes constitute an important element of the population, consequently cooperative societies are numerous, with a membership of about 30,000 in the Loire Department. There are 109 cooperative associations in this consular district, with a membership estimated at 35,000. The societies are distributed as follows in the six Departments: Aveyron, 7; Cantal, 2; Haute-Loire, 13; Loire, 56; Lozere, 3; and the Puy-de-Dome, 28.

METHODS OF ORGANIZATION AND OPERATION.

French cooperative societies may be divided up into three main classes: The Nimes Cooperative Association, which is modeled on the Rochdale system; socialistic cooperative societies; and cooperative associations pure and simple.

The Nimes Cooperative Society aims to furnish the necessities of life at the current market prices so as not to enter into competition with the small retailers.

A certain percentage of the profits are divided up at the end of the year among its members in proportion to the value of their purchases; there is also deducted a sum fixed by the laws of the association to be used for educational purposes and the advancement of the social betterment of the members; there is an additional sum deducted, which constitutes the reserve fund of the society, which is used in promoting the commercial operations of the association and for the construction of cheap workingmen's dwellings. This association maintains a wholesale store at Paris and publishes two journals.

The socialistic cooperative societies aim to supply their members with the necessities of life at the lowest possible prices.

The profits are divided among the members in proportion to their purchases and the surplus is employed chiefly in the propagation of socialistic doctrines. These associations set aside no reserve funds for the social betterment of their members. This class of cooperative societies aims especially to encourage the theories of class; they are also factors to be reckoned with in all political and economic movements.

Cooperative associations, pure and simple, are nothing more or less than commercial organizations and have no aims either political or socialistic. Under this category falls the vast majority of French cooperative associations, especially those which make a specialty of

the purchase and sale of wines and of conducting bakeries. The profits of these associations are divided up among the members at the end of the year in the same manner as any other commercial firm.

For many years cooperative societies were exempt from the payment of a business license, but this was withdrawn by the law of 1905, which imposes on them the same taxes as paid by kindred private stores.

METHODS OF SALE AND PURCHASE.

The great majority of cooperative societies in France are confined to groceries, about one-third represent bakeries, and a few sell everything.

Local societies, as a rule, sell the necessities of life at lower prices than the retailers in the city and exert a great influence on the market price of foodstuffs and serve as a check on any attempts to raise the prices of such commodities. They are not therefore looked upon with great favor by the large and small retailers. Independent wholesalers of the region never sell them food products.

These associations purchase directly from the producers—from the wine growers in southern France for wines; from cotton and woolen mills for cloth; from flour millers for flour; and from Havre and Marseille importers for groceries, etc. In short, they have no relations whatever with local independent jobbers and wholesalers. With the exception of wines, cooperative concerns do not buy directly from farmers or agricultural syndicates. The reason for this is that the farmers are not organized so as to group their produce; and the agricultural syndicates offer for sale only products which, before reaching the consumer, must undergo certain transformations, for which the societies are not equipped.

Cooperative associations are under the direct control of a manager, aided by a staff of employees. There is also a board of directors, which meets once a week to decide on the purchases to be made. Goods are selected from numbered samples, the name of the seller being in sealed envelopes, which are not opened until the goods offered for sale are accepted.

Goods are rarely purchased by these societies through Paris houses. It is alleged that the business of these firms is not so great in volume as that of the wholesalers of England and Scotland, from whom they obtain more advantageous prices.

Many of the associations are not exclusive, and admit the public to the benefits of the society, giving as a pretext that by so doing they render the association more popular; that by the increase of business the general expenses are diminished and the dividends consequently increased.

Certain of the cooperative associations accept only workingmen to membership. Applications from all salaried persons are rejected. In adopting this method it is said they wish to avoid any cases where large employers of labor might attempt to be elected to membership on the board of directors through the votes of their workmen.

No salaries are paid either to the managers or to the members of the board of directors. They are allowed, however, an attendance slip for each meeting attended, valued at 10 or 15 cents.

PROFIT SHARING.

To calculate the share of the profits due each member, the total amount of his purchases has to be determined. For this purpose either a special account is opened for each member, or he is given a pass book, which he presents each time and on which is entered the amount of his purchase. At the end of the year this book is retained for final regulation. The bonus generally represents about 15 per cent of the profits.

MEMBERS.

Equality among the members is the watchword of these cooperative associations; the established rule is that each member, irrespective of the number of shares owned by him, has but one vote, or "one man, one vote," and the latest arrival in the association enjoys the same rights as the older members, having subscribed the same amount for his share.

Many of the societies are purely professional, and it is thus that there are cooperative societies of railway employees, government functionaries, officers or workmen of the same industry, such as mining, metallurgy, and others. These societies are considered the most prosperous.

DIFFERENT KINDS OF COOPERATIVE SOCIETIES.

In France, as has been stated above, the majority of these associations represent groceries, but bakeries are very popular (997), while breweries come third (103), after which come wine (44), butcher shops (37), coal (31), and restaurants (15).

In 1908 (latest statistics on the subject) there were 149 cooperative building associations, representing about \$3,000,000, or about 3,000 houses.

COOPERATIVE FEDERATION.

Federation is one of the latest developments of cooperative societies. By this means large quantities of merchandise are purchased at a low figure and distributed to the different societies according to their needs; these groups are subdivided into three sections—the advisory committee, which furnishes information to the federation on the wholesale houses and prices, it likewise transmits orders; the syndicate, which groups the orders of the societies and buys, in their name, directly from the producers; and the wholesaler, who buys, either directly from the producers or manufacturers, all that is necessary for the societies and sells at cost price, with a slight margin of profit to cover expenses.

DISTRICT COOPERATIVE ASSOCIATIONS.

As there are over 100 cooperative societies in this consular district, and as the principles are the same, it is obviously unnecessary to give details of each one of them. It will perhaps suffice to relate briefly the history and methods of organization and operation of one or two.

LA LOCOMOTIVE.

This association, as its name implies, is entirely professional and composed exclusively of members belonging to one of the five large railway companies of France, the Paris, Lyon & Mediterranean Co., and limited to St. Etienne.

It was founded in 1888, with a capital of 200,000 francs (about \$40,000), divided into 4,000 shares of 50 francs each (about \$10), which is the usual entry fee; the present membership is 1,187.

The society is administered by a council of 18 members, one-third of whom are renewed annually at the general assembly. A committee of control and inspection, composed of nine members, is also elected at this assembly.

The association supplies to its members such necessities as groceries, wine, bread, meat, etc., the wine and bread are delivered at the members' doors.

The purchases are entered on the pass book of the member, and all accounts are regulated the following month. The selling prices conform as much as possible to those of other large retailers in the city. This precaution is taken to prevent dishonest members from buying from the society at low prices and reselling to their relatives or friends at a small profit, which would be contrary to the principles of the association, as it does not sell to the general public.

The difference between the cost price and the selling price, deduction made for general expenses, constitutes the profits, which are divided up each year, after inventory, between the members in proportion to the amount of their purchases.

The Locomotive of St. Etienne is attached to a federation grouping all the kindred cooperative societies of the entire railway system. This federation, the headquarters of which are at Grenoble, buys at wholesale prices, and distributes the merchandise to the societies as needed.

L'UNION DES TRAVAILLEURS.

This workingmen's society is perhaps the largest in this district; at St. Etienne alone it has eight branches doing a business of over \$400,000, the number of members in this city exceeds 7,000, and each week new members are enrolled. The shares are, as in the society named above, fixed at \$10, but the new member can, if he wishes, pay only an entrance fee of \$1, and the remainder is subtracted from his annual dividend until the entire sum is paid up.

This society is also exclusive; only members are supplied. The merchandise furnished comprise groceries of all kinds, bread, wine, and haberdashery. Some articles are sold at prices slightly inferior to the average retail shops, while for others the current commercial prices are maintained, but the quality is always of the very best. No credit is allowed.

SOCIETE ECONOMIQUE.

This cooperative society is of much less importance than those mentioned above, and confines its business to the sale of the common necessities of life, chiefly groceries. Its membership is 1,500, and the entrance fee \$10, as the others.

Merchandise is sold only to members of the society, and each member must present his pass book whenever purchases are made. In some cases a limited credit is allowed—that is to say, for a week; at the expiration of this period, if the delinquent member has not settled his account, his name is struck off the roll of membership, and his indebtedness is subtracted from the bonus due him, if any. In this way, very little money is lost to the society through bad debts, and when the inventory is made at the end of the year, the financial condition is generally found to be highly satisfactory.

On the other hand, since the enactment of the law of 1905, as noted elsewhere, places them on the same footing as the ordinary retailer, and compels them to pay a license, many of the cooperative societies sell to the general public, but reserve the bonus for members only, and are consequently more prosperous as the sales increase, and for this reason are enabled to sell goods at less than the market price.

WILLIAM H. HUNT, *Consul*.

ST. ETIENNE, FRANCE, *January 13, 1912.*

LIMOGES.

The first cooperative society in this consular district was organized in 1881, when l'Union de Limoges was formed by a group of working-men of this city. It has been successful from the beginning, and the number of its adherents has grown until it has nearly 10,000 families to whom it supplies many of the common necessities of life. It does an annual business of about 5,000,000 francs (\$1,000,000).

Originally organized as a purely economic society, it has for many years been used by its leading spirits to further the political interests which they advocate, and this has interfered with its full development. A considerable portion of its revenue is used for political propaganda in the interest of the labor organizations. It has recently constructed a large hall, where amusements of various kinds are provided at a minimum cost to the laboring classes.

The next society in importance to l'Union de Limoges is La Proletarienne. This society deals only in wines and cordials. It handles the product of a wine-growers' cooperative association, and is thus enabled to supply the wines used by the working classes at a moderate price, there being no middle man to increase the cost of distribution.

Several smaller societies have also been organized by members of various unions, such as the carpenters', masons', and painters' unions. The net profits of these, however, are divided among the organizers, who are not numerous.

Cooperative societies exist in all the most important cities and towns in this section of the country, but they have not all been as successful as have those of this city. Limoges is a city of varied industries and the workers in the different trades being organized, it has been possible to get them interested in cooperation. The success of the Limoges societies has also been an incentive to the development of cooperation in other localities.

These societies are all stock companies, the par value of which varies from 25 to 100 francs per share. In most cases these shares

are issued on payment of one-fifth of the par value of the shares, and in the case of shares not fully paid up, the interest is only paid proportionally, when dividends are declared.

The articles dealt in by the cooperative societies are nearly all delivered to the purchaser at the store, the only exceptions being coal, wine, and bread, which are delivered by the vehicles of the society.

In so far as it is possible, the articles handled by these associations are purchased from the producers. Associations have been formed by the retail cooperative societies. Their object is to purchase merchandise in large quantities and distribute it to the retail cooperative societies forming the association. They are especially valuable in obtaining at a moderate price articles for which the demand is limited. These associations are virtually wholesale cooperative supply houses, as they sell only to the retail cooperative societies.

There is no special ill feeling between the independent retailer and the cooperative societies here. The small retailer has adapted himself to the change that has taken place, and in spite of the injury caused to his business has come to the conclusion that these associations have the same right to existence that he claims for himself. In fact, it can be stated that in general there is more ill feeling between the independent dealer and the department store than with the cooperative societies. This is probably due to the fact that the competition with the department store is keener than it is with the cooperative societies. The department stores in this city are the largest retail establishments here, and they are only branches of a central organization which controls about 40 stores in the provincial cities of France. The large business carried on by these firms enables them to purchase and distribute merchandise at a low cost, and as they are satisfied with a reasonable interest on their investment and well managed by experts in business they are hard competitors.

When the cooperative societies were first formed here the most important wholesale and retail houses organized an association whose object was to discredit, in so far as they could, the idea of cooperation. A local publication carried on the discussion in their interest and tried to keep the people from going into the movement. It was argued that these societies could not be successful, owing to the fact that the management was placed in the hands of men inexperienced in business. This campaign was not successful, and nothing is now heard of any concerted opposition to them. As far as this section of the country is concerned, cooperative societies appear to have come to stay, and independent retailers now recognize that fact.

As to the influence of these societies on the cost of living, it can be said that they have been instrumental in compelling the middlemen and retailers to sell the necessities of life at a reasonable profit. Competition in the articles dealt in by the cooperative societies is keener than would be the case if they did not exist. However, many of the common necessities are not handled by the cooperative stores. Fresh meat, vegetables, and fish are among these, and as they constitute an important part of the daily expenditures of a family, the people do not enjoy the full benefits that cooperative handling of

these articles would bring them. If these societies cared to handle perishable goods, it would result in a considerable saving to the people.

Respectfully submitted.

EUGENE L. BELISLE, *Consul.*

LIMOGES, FRANCE, *January 18, 1912.*

COGNAC.

The SECRETARY OF STATE,
Washington, D. C.

SIR: There exist here numerous small cooperative societies, which may be divided in two general classes.

(1) Those composed of members who produce and sell directly to the consumer or to the general trade. These are principally composed of people dealing in dairy products. Their aim is to distribute fresh milk regularly to consumers by their own employees, thus increasing their revenue by avoiding the commission of the middleman. Results: In the Provinces milk is sold at 4 cents a quart (liter); in Paris and other large cities, where the middleman and the retailer have to be paid, the price for the same quantity is 8 cents. The production of butter while carried on by societies composed of owners of milch cattle is less profitable, as the butter goes to the general trade and not to the consumer direct.

There are also other societies composed of people who produce potatoes, but expressly for the export trade to South America. This is a rapidly increasing business.

(2) The second class of cooperatives are those which purchase for their members to sell again to them; for instance, there exists at La Rochelle, among others, a cooperative butchery; the members pay a fee of 3 francs (58 cents) per month and purchase their meat at 1 franc (\$0.193) per one-half kilo (1.1 pound), instead of 28 to 30 cents for the same quantity elsewhere. In this case the idea is to avoid excessive profits of retailer. The same applies to cooperative groceries.

These movements seem to indicate that the people believe that the high cost of living here is due in great part to useless and costly intermediate commissions. As an example: Recently I visited a large stock farm in the Vendee and was shown a magnificent bullock fattened for the market. The owner informed me that the huge animal weighed 1,050 kilos (2,314.83 pounds), and he received 1,050 francs (\$202.65) for him. The carcass would be retailed at an average of 1.20 francs (23 cents) per pound. We find, then, that beef purchased on the hoof at \$0.087 is retailed at \$0.23 the pound; the difference in price can be explained only by the middleman's commission or the retail butcher's excessive profit.

The cooperative idea is well established in France, although its practice is generally limited to small though numerous organizations.

I do not know that there exists any strong spirit of business rivalry between independent dealers and cooperatives.

I have the honor, etc.,

GEORGE H. JACKSON,
American Consul.

NOVEMBER 29, 1911.

GRENOBLE.

The SECRETARY OF STATE,
Washington.

SIR: There are in this city two cooperative societies, one of a special character among the employees of the railway service—the Paris, Lyons & Mediterranean Co.—and the other more general, under the name of La Ménagère. The latter has four branches or stores in different parts of the city, and has been in existence since 1890. Its statutes were revised in 1893, 1898, and 1908, and the last regulations for the application of the statutes and the operations of the society were issued in 1910.

ORGANIZATION AND OPERATION.

It is organized with a board of 18 directors, having its chosen president and underofficers, and a surveillance and control committee consisting of 7 members, who are elected, as are the directors, by vote of the members at large. The details of the workings of the organization, its contracts, purchases and sales, individual accounts, memorandum books, deliveries of merchandise from central depot to branch stores and to houses and families, its employees and their duties, service, claims, and obligations are many and involved, and are in charge of the control committee. The same committee renders reports at stated meetings of the society's actual members.

The prices of goods and market fluctuations are printed in a monthly bulletin or posted in the stores of the society.

The purchases of goods are made, as far as possible, from producers; otherwise from wholesale houses and upon a cash or 30 days' basis, at 2 to 3 per cent discount. Their quality is analyzed or tested by sample in advance, and contracts and stipulations are made in writing. Merchandise is put on sale at a certain per cent (about 20) above cost price, due allowance being made for changing market rates, one-half of this percentage to cover necessary expenses, one-half, in form of a bonus, to the benefit of the purchaser. A certificate as shareholder, with a notebook and tickets, are furnished each member, whose name, address, and description is duly registered in the general-account book. Payments are cash, save for a certain delay allowed in case of bread and wine. The seller records each sale, and his copybook and cash returns are verified at night by the cashier. A charge of 2 cents is made for each delivery at a domicile. Pourboires or fees are forbidden. Each day's receipts are, on the following morning, paid into one of the banks of the society to its credit.

EFFECT ON THE COST OF LIVING.

The degree to which this association reduces to its members the cost of the common necessities of life is not easy to determine. With the universal increase in the first cost of most staple commodities, this reduction would seem to be small. Under these enhanced values, prevalent especially in the larger centers, the general opinion is that, as it concerns the cooperative society and its branches, the advantage of being able to buy at nominally wholesale prices plus a small percentage for expenses, has not reduced to any appreciable extent the

cost of living to its members or much affected the scale of prices in the community at large.

Upon inquiry here and there it is learned that this association has never been a great success from the very beginning and that some who joined it with enthusiasm have been disappointed with its workings and have withdrawn from its membership.

A former influential shareholder states that the many discussions and controversies and complications in the management, not to speak of disputes in public reunions of members, the loss of time through committee meetings, and slowness of store service, troubles with employees, and petty minor details, made it preferable, in comparison with the little profit gained, to trade outside. "It wasn't worth the trouble of joining," he said. "I would rather buy at the nearest store in the street."

A group of working people expressed much the same opinion. "The price of some things might be a little lower, but others were higher, and it didn't pay."

ATTITUDE OF OTHER DEALERS.

What may be the attitude of the association toward noncooperative stores or independent retail dealers is not evident, but that of other stores and traders toward the association is well known.

While it may have some effect in keeping prices of certain articles at a uniformly lower level, it creates much prejudice and opposition on the part of the mass of independent dealers, who claim that it interferes with legitimate competition and their endeavors to make an honest living.

PLUMBERS AND GLAZIERS.

A few years ago this class of workmen organized a cooperative society in their own interest, but, not prospering, it was soon dissolved.

RAILROAD MEN.

The employees hereabouts of the Paris, Lyons & Mediterranean System have had for some years a cooperative organization for the supplying among themselves and their families of provisions and other necessities at reduced rates, and this, upon information received, is working more satisfactorily because of a closer comradeship and community of interests.

I have the honor, etc.,

C. P. H. NASON,
American Consul.

FEBRUARY 14, 1912.

ROUEN.

As a general law of France regulates the organization and administration of all French cooperative societies, the following details of local societies are given to supplement, only, the report of the consul general at Paris.

In this district there are no cooperative societies for the production or marketing of agricultural products, no societies of semiprivate character, or for profit, and none on the Rochdale system. All local

societies, situated in the outlying mill and factory districts, are composed of workmen only. The middle classes or "bourgeois," clerks, small tradesmen, professional men, etc., have no societies nor are they members of the existing societies.

The following are the societies in this district:

Name.	Where situated.	When founded.	Number of members.	Annual sales.	Paid up capital.
				<i>Franks.</i>	<i>Franks.</i>
L'Aube.....	Dieppedalle.....	1908	100		
L'Econamat.....	Oissel.....	1892	325	185,000	24,587
L'Emancipatrice.....	Malaunay.....	1902	150	40,000	5,683
L'Emancipation.....	St. Etienne du Rouvray.....		700	224,000	33,795
L'Evolution.....	Rouen.....	1893	400	80,000	12,340
La Solidarite.....	Sotteville-les-Rouen.....	1890	1,680	1,200,000	100,000
La Revanche Proletarienne.....	Sotteville.....	1904	95	23,000	2,432
La Liberatrice.....	Rouen.....	1902	175	18,000	2,700
La Maison du Peuple.....	Petit-Quevilly.....	1902	270	80,000	
La Mutualite.....	Maromme.....	1897	200	90,000	12,000
La Novatrice.....	Elbeuf.....	1902		25,000	
Le Progres.....	Treport.....	1905	65	37,000	2,500
Le Reveil.....	Gd. Quevilly.....	1902	70	25,000	475
La Ruche.....	Deville.....	1903	35		3,050
La Semeuse.....	Notre-Dame de Bondeville.....	1903	50	25,000	3,500

ORGANIZATION AND OPERATION.

The first society, and the largest, La Solidarite de Sotteville, founded in 1890, is typical of the others. With a total membership of 1,680, a subscribed capital of 100,000 francs (\$19,300) and a paid up capital of 100,000 francs (\$19,300) its annual sales amount to about 1,200,000 francs (\$231,600). For the year 1910 its gross profits were 80,000 francs (\$15,440) of which 44,106 francs (\$8,512) were divided among the members. According to the by-laws the interest, fixed by the general assembly, can not exceed 5 per cent per annum. This society has no reserve fund though several of the smaller societies, especially where the paid up capital is less than the subscribed capital, have such a fund. The societies are all founded on the share system, each share, of which no member can buy more than two, costing 50 francs (\$9.65). Workmen who can not afford to pay 50 francs may become members upon payment of 2 francs (38.6 cents), their share of the profits being credited each year toward payment in full. These members called "consumers" in distinction to the owners of fully-paid shares who are called "societaires," have all the privileges of the latter except the right to vote.

The following is taken from the by-laws of the above society:

The society is administered by a committee of 16 members, chosen by and from the members, for two years. From this committee the society elects a president and vice president. The committee chooses from its members a secretary, assistant secretaries, a treasurer, and a "director of the store." The president presides at all meetings, signs all contracts made by the committee, and sees that the by-laws are carried out, the vice president performing these duties in the absence of the former. The secretaries attend to all correspondence and do the bookkeeping and the treasurer takes charge of all money and pays all bills. The director of the store receives and verifies all merchandise, directs the store, and makes, with the secretaries, quarterly and annual inventories. The committee meets at least once each month to decide upon purchases and to receive reports on the business of the preceding month.

In this way close watch is kept upon all contracts for merchandise and responsibility is divided.

INTERMEDIATE MEANS EMPLOYED FOR DISTRIBUTION AND DELIVERY
OF DOMESTIC SUPPLIES.

This is accomplished by having what is practically a large "department store," with a delivery system of boys, men, and wagons. Cash payment is required usually, though in exceptional cases, as French workmen are frequently paid but once a fortnight, credit is given for two weeks. The society has 66 employees and 5 workmen, and buys and sells for the benefit of its members, alimentary products and groceries of all kinds, coal, garments, boots and shoes, knit goods, needles, threads, etc., pork, flour and bread, poultry, rabbits, etc. The society raises also hogs, poultry, and rabbits.

METHODS OF BUYING AND ATTITUDE TOWARD WHOLESALE COOPERATIVE COMPANIES AND OTHERS.

Contracts are made by the committees of the various societies. Merchandise is bought whenever possible from cooperative associations, such as the *Magasin de Grès des Cooperatives de France*, at Paris, and the society endeavors to patronize only those manufacturers and wholesalers who are in affiliation or sympathy with its members. In many cases they are compelled, naturally, to buy from independent manufacturers, and the latter sell to them quite willingly. The members may, and do, buy from independent retailers whenever it is to their advantage to do so, and the retailers seem to have no objection to selling to the members. Nevertheless there is a great deal of feeling between the cooperative societies and outside tradesmen.

THE DEGREE TO WHICH SOCIETIES REDUCE THE COST OF LIVING.

This may be accurately stated, in Rouen, by quoting the secretary of the society, discussed in detail. Thus, he states, the average saving has been 7 or 8 per cent, though the high cost of living for the past year may reduce it this year to as little as 4 per cent.

INCEPTION AND GROWTH.

The first society in Rouen was founded in 1890, but until 1902, as may be noted from the preceding table given on the movement spread very slowly. Since 1902 the growth has been more rapid and more or less constant, following the Socialist cause, to which the members are all devoted. The extraordinarily high cost of living during the past few years has, contrary to what would be expected, prevented growth to some extent. All the local societies contribute either money or propaganda to the Socialist cause.

• CHARLES A. HOLDER, *Consul*.

ROUEN, FRANCE, *November 29, 1911.*

ANALYSIS OF REPORTS OF CONSULAR OFFICERS ON COOPERATIVE SOCIETIES AND SIMILAR ASSOCIATIONS IN BELGIUM.

[Compiled by the Bureau of Trade Relations, Department of State.]

I. INCEPTION AND GROWTH.

Sporadic instances of cooperation appeared in Belgium as early as the middle of the last century, and in 1864 cooperative bakeries were inaugurated in a few localities as a result of English propaganda. The virtual beginning of the general cooperative movement in Belgium, however, is said to have been due to the rise of the various socialistic and labor parties in 1880 and the years following, cooperation and socialism "mutually aiding and supporting each other," and becoming "identified with each other." The various special activities which characterize the cooperative movement in England and elsewhere gradually developed in due course. In 1900 a permanent national federation was formed, after several unsuccessful prior attempts. This organization has a membership of 102 societies, and in 1908 its business amounted to \$578,154. The total number of socialistic societies is 174, the number of their members 140,730, and the amount of trade done \$7,846,504. These societies are reported to have no affiliation with the International Cooperative Alliance.

In addition to the foregoing cooperative societies there are many successful agricultural associations and organizations of state employees. The latter sprang up soon after the general societies, and have at least one wholesale organization, comprising 31 societies, with headquarters at Brussels. The membership of the societies represented by this buying association totals 18,500, and the combined annual business of the societies is \$2,000,000. The development of many of the agricultural societies has been aided very greatly by the Catholic Church, or by the Clerical Party. There are 584 nonclerical agricultural societies, while the league of the church societies in 1908 comprised 480 associations, with 39,000 members. Besides these general agricultural societies, there were in 1907 about 500 cooperative creameries, with products valued at \$7,000,000. The freight-handling leagues of workmen in Antwerp are of very early, not to say ancient, origin, some being reported to date back to the fifteenth century.

The increasing cost of living in Belgium during the past 15 or 20 years, and especially since the Brussels International Exposition, in 1910, has caused certain classes to turn to cooperation of late, according to one report.

At Antwerp the number of societies has decreased from 105 in 1908 to 72 in 1901. Only five distribute common necessities, and of these only two carry general lines of groceries, clothing, etc.

II. ORGANIZATION AND OPERATION.

Various societies and workingmen's leagues are formed, representing the different political and religious parties of Belgium, whose members mostly consist of trades people, such as butchers, bakers, grocers, coal dealers, storekeepers of all kinds, etc., who allow, in their respective trades, a discount on regular prices to members of their society or league and thereby increase their business immensely on the principle of larger sales and smaller profits, and they contribute largely to the political parties who keep them in power, although socialistic.

Many societies guarantee a 6 per cent dividend on all purchases, and distribute all remaining profits (after the payment of this guaranty)

to various funds for insurance, pensions, strike relief, indemnities or injuries, etc. A large share of the Belgian societies sell at prices lower than those of the regular markets, allowing only members to purchase, and have only minimal profits to distribute.

The societies of governmental employees include the higher grades of these latter, such as army officers and public officials. They have been modeled to a great extent upon the socialistic societies which they followed.

Organizations of agriculturists, horticulturists, and fruit growers, for the purpose of marketing their products, are in operation in various localities. The ordinary clerical and other general agricultural societies exist for the sale to their members of hay and fodder, fertilizers, seeds, and agricultural implements.

One of the largest general cooperative societies in Belgium maintains workshops "for its members that may be out of work, such as cigarmakers, locksmiths, masons, shoemakers," etc. The production of manufactured articles by and for cooperative societies is common, as in other countries.

Bakeries deliver their goods. Otherwise, that is in other cooperative associations, purchases must be taken by the customer across the counter.

There are in Antwerp about 50 cartage corporations, devoted to transferring and despatching the staples of commerce which pass through the city, and organized on a quasi cooperative system of which the details are kept strictly secret. These "naties" appear to be simply combinations of working men, although the managers have very marked special prerogatives. Membership is secured by purchasing the share of a deceased member. Some organizations require little capital, while others possess highly valuable working equipment and realty. Profits are given monthly, and when necessary reserve funds are drawn upon to maintain the payments at a normal level. In case of sickness a member receives his full share of the profits until his invalidism has exceeded six months. Discipline in connection with the work and with the secrecy of the methods of operation is very rigid.

III. RESULTS, COST OF LIVING, ETC.

One report states that the financial "advantage obtained is a consideration," and another says that workmen "feel a certain relief in joining the cooperative societies"; but in general it is stated, even by these same reports, that the *raison d'être* of cooperation in Belgium, so far as relates to general societies, is political rather than economic.

The opposition on the part of private tradesmen is said to be great, but not so intense as formerly.

BELGIUM.

Brussels.

Cooperation and the cost of living in Belgium has become a very general subject of interest to the people at large by the fact that the ordinary cost of living has increased very much within the last 15 or

20 years and especially since the last international exhibition here in 1910, when prices of everything advanced very considerably and, as a rule, have remained so.

The poorer classes in consequence feel a certain relief in joining the cooperative organizations through which they save a certain amount in their purchases, but the primary object is political and socialistic.

Various societies and workingmen's leagues are formed representing the different political and religious parties of Belgium, whose members mostly consist of tradespeople, such as butchers, bakers, grocers, coal dealers, storekeepers of all kinds, etc., who allow in their respective trades a discount on regular prices to members of their society or league and thereby increase their business immensely on the principle of larger sales and smaller profits, and they contribute largely to the political parties who keep them in power, altogether socialistic.

Independent merchants and tradesmen are greatly opposed to cooperative ones, as the latter tend to keep down the prices of the former and take trade from them, but the opposition is not so bad now as formerly.

HISTORY OF COOPERATION IN BELGIUM.

The first appearance of a cooperative society in Belgium was the establishment of a cooperative tailor shop in Brussels in 1849. The following years similar societies were formed, but the development along the line of cooperation in production was very slow.

In 1868 several cooperative bakeries sprang up whose purpose was to give cheaper bread to the working people. These societies were formed under the influence of the propaganda of the "international," a cooperative society which had been established in London in 1864.

At first the cooperative societies, organized for the purpose of selling finished manufactured products, had the preference with the laboring people, but cooperation in the buying of the food products amounted to very little for some years.

In 1880 cooperation began in earnest in Belgium, and at this same time the birth of socialism, or labor party, took place. From then on cooperation and socialism marched hand and hand, mutually aiding and supporting each other, and these two movements became identified with each other. The leaders of the socialistic movement are the leaders in establishing and running the cooperative societies. During the years 1881 to 1885 the Socialist Party established cooperative bakeries at Antwerp, Brussels, Ledeberg, and at Verviers. They formed a cooperative flour mill and bakery at Ghent, which is the mother city of cooperation in Belgium, and it was there that the laboring people first realized the benefits of it and where they took up the cooperative movement seriously.

The Vooruit, a cooperative society, was founded at Ghent in 1884 and is second in importance only to the Maison du Peuple started in Brussels one year later under the instigation of the Socialist Party. First only bread was made and sold; then a little later it was enlarged to take in the sale of all kinds of food products, and later still coal, cloth, and other manufactured articles were sold, and cooperative shops were organized to manufacture many of the goods sold.

To-day the Vooruit has become an immense enterprise, whether you look upon it as a commercial, an industrial, a financial, or a social institution. Its business amounts to \$800,000 per annum.

The Vooruit comprises a bakery whose annual production is valued at \$300,000, a brewery, a large department store where all kinds of manufactured articles, shoes, cotton goods, clothes, jewels, furniture, etc., are sold. It has large coal yards, a cotton-goods manufactory, a large printing establishment, six pharmacies, a clinic, a library, entertainment halls, and 21 branch stores scattered in different parts of the city. It was the first to utilize machinery for and modern methods of bread making, and to this is due a large amount of its success. It has also organized workshops for its members that may be out of work, such as cigar makers, locksmiths, masons, shoemakers, etc.; also an important printing establishment with a library attached to it.

The Vooruit contains 9,000 members and the value of real estate owned by it amounts to 3,355,579 francs (\$647,626.75).

Credit of the society amounts to 2,315,335 francs (\$446,859.66) and the total value of merchandise in stock amounts to 829,161 francs (\$160,028.07), while the paid-up capital of the society is at present 1,002,810 francs (\$193,542.33).

The sale in the different departments of the associations for the past year are reported to have been as follows:

	Francs.	United States equivalent.
Bakeries.....	1,255,417	\$242,295.48
Coal.....	407,886	78,722.00
Dry goods.....	499,682	96,438.63
Leather.....	176,361	34,037.67
Groceries.....	1,159,305	223,745.87
Drug stores.....	177,871	34,329.10
Breweries.....	131,748	25,429.36

The total of all business transacted in 1911 amounted to 3,870,203 francs (\$746,949.18).

Prices of the common necessities of life as sold by the cooperative associations in this locality are approximately the same as those prevailing at the independent wholesale houses.

The members of these societies, such as the Vooruit, however, receive a drawback on all purchases made, of 6 per cent on the price paid.

The profits thus accruing to the society are not paid to the members, but are applied toward the expense of maintaining certain departments, such as strikes, pensions, indemnity for injuries received, insurance, etc.

There are 26 cooperative societies existing in Ghent more or less modeled after the Vooruit.

The Maison du Peuple of Brussels, also started by the Socialists, is the largest cooperative institution in Belgium, whose principal office is in Antwerp. It was formed under the name of the Workingmen's Cooperative Bakery and its beginning was very modest. To-day it does a business of \$1,200,000 annually, which is divided among the following departments: Bakery, groceries, cloth and clothing, coal, and meat. The property of the Maison du Peuple is valued at \$6,000,000.

The next in order of importance comes the cooperative society the Progres of Jolimont, founded in 1886, which ranks third. It comprises two breweries, several bakeries, pharmacies, groceries, meat shops, tailor shops, shoe shops, etc. The members of this society are the workmen who are employed in the coal and iron mines and the glass factories of that region.

According to the last statistics given by the Socialist Central Co-operative Bureau, there are at present 174 cooperative societies in Belgium, and the amount of business done in 1910 was 40,655,358 francs (\$7,846,504.09); the number of members 140,730, and the average amount of purchases made annually by each was 55.97.

NATIONAL FEDERATION.

At different times the attempt has been made to group the cooperative societies into a federation for the common purchase of their supplies, but not until 1900 was a national federation formed, and it now has a membership of 102 societies. In 1908 it did a business amounting to 2,995,614.74 francs (\$578,153.64).

There is no relation between the cooperative societies of this country with the international cooperative convention.

COOPERATION NOT SOCIALISTIC.

In addition to the cooperative movement in Belgium fostered by the Socialistic Party, there are other cooperative societies or associations of lesser importance.

First after the Socialist cooperative societies come the cooperative associations founded in 1886 by the workmen and employees of the Government railroads and other Government administrations.

There are such societies which have cooperative stores for the purchase by its members of bread, meat, food supplies, coal, oil, etc., which exist in all the principal cities of Belgium. Thirty-one of these have united together and established a wholesale cooperative store at Brussels, where they purchase all their supplies. These societies combined do an annual business of \$2,000,000 and have a membership of 18,500. One of them; the l'Union Economique, of Brussels, does more than \$400,000 worth of business, and the Economie, of Ostend, about \$200,000 per annum. The members of these societies are not only workmen, as in the case of the Socialist societies, but include officers of the army, public officials, and other individuals.

COOPERATION IN THE AGRICULTURAL DISTRICTS.

In the Ardennes and other parts of Belgium the farmers combine together and form cooperative creameries, butter factories, and places where they sell their products. They also buy agricultural implements in common.

In Holyaert and other places where grapes and other fruits and hothouse fruits or vegetables are raised, cooperative associations are formed for establishing stores in the cities where all their production is sold and also for the purpose of paying for the hothouses.

The Catholic Church, or Clerical Party, has organized a great many cooperative associations in the country. They have formed their associations into a federation, which is called the Boerenbond Belge.

In 1908 the Boerenbond Belge comprised about 480 associations, with 39,000 members. These associations exist for the sale to its members of hay and fodder, fertilizers, seeds, and agricultural implements.

Outside this federation there are 584 other agricultural societies or syndicates formed for a similar purpose.

In 1907 there were about 500 cooperative creameries, with products valued at \$7,000,000.

Attached and made part of this report are various pamphlets and printed matter pertaining to the subject.

ETHELBERT WATTS, *Consul General*.

BRUSSELS, BELGIUM, *January 17, 1912.*

ANTWERP.

The results of my investigations of cooperation in Antwerp have proved rather unsatisfactory. It seems that this system has not developed here as was done elsewhere. In fact, there are fewer combinations to-day than formerly.

At the close of 1910, there were 72 cooperative societies in Antwerp, out of which only 5 were organized for the purpose of distributing the common necessities of life or the production and marketing of agricultural products, as against 12 out of 105 societies at the close of 1908. These 5 are organized as follows: No. 1 as a bakery and brewery; No. 2 as a bakery only; No. 3 as a bakery only; No. 4 as a bakery, pharmacy, and grocery, dry goods, and coal store; No. 5 as a grocery, clothing, and coal store.

Nos. 1, 2, 3, and 4 are organized for the benefit of the working classes, while No. 5 is organized by State employees. The articles sold by society No. 4 include finished goods, such as flowers and seeds, boots and shoes, liqueurs, nonalcoholic drinks, hardware, porcelain, tobacco, butter, hats, kindling wood, and wooden shoes. The sale of meat has not met with success, and out of a total of 945 cooperative societies in Belgium at the close of 1908, according to the last official statistics, only 15 added a butcher's shop to their warehouses. Only 5 societies dealt in meat exclusively, 3 of which had but very little trade, while 11 other societies, formed for the same purpose, were dissolved in a short time.

The advantages to the members of these cooperative societies may be summed up in the ability of purchasing their goods at only a slight increase on wholesale prices, say 5 or 10 per cent, for paying general expenses. Profits, if any, would then be distributed among the members "pro rata." As far as the bakeries are concerned, the bread is distributed from house to house, as is done by public bakers. The other articles are sold over the counter in the society's shops. Some cooperative societies sell their goods to the outside public as well as to their members, while others sell to their members exclusively. The latter is the case with No. 5 above referred to. In some instances the cooperatives work by selling their goods at the regular trade prices, giving their members a drawback after the deduction of general expenses, instead of the previously described system of adding

5 per cent to 10 per cent onto the retail prices. For workmen with large families and the poorly paid clerks and employees of the Government and municipalities the advantage obtained is a consideration, but the scale upon which these societies are worked is really too small to consider them in any way as models. I do not know of any objection raised against the stores of these societies by the local trade.

There is on the part of cooperative societies in this city much reticence. While they have to publish in the official gazette the text of their agreement, they are not compelled in any way to furnish particulars with regard to the manner in which they create the advantages accruing to their members.

Though but little can be said of any importance of the cooperative societies just mentioned, there is one institution which has survived centuries and still exists and continues to be one of the most characteristic features of this port. While we may learn nothing of them or adopt any part of their system, it is highly interesting to note what their aims and purposes are. These are the great cartage corporations, corporations known as the "nations," that have charge of the loading and unloading and forwarding of the goods that arrive at and leave this port. These corporations have in the course of time branched out into many groups. Their name "nations" is in Flemish "naties," and their long, low, heavy carts for the transportation of freight literally swarm about the quays and harbor and frequently also are seen in the streets about the city, being drawn along slowly by the noted heavy Belgian draft horses. These peculiar vehicles, with two low wheels in front and two high wheels behind, are characteristic of Antwerp and not seen elsewhere. These corporations are composed of a limited number of shareholders who are called "chefs de nation." The origin of these organizations goes as far back as the sixteenth century, when Antwerp's trade was at its height. We find official data as far back as the year 1600, referring to the corporations already as old institutions. From these early days their methods of organization have scarcely changed, save that their statutes have been modified to keep up with modern laws.

These "naties" have been crushed time and again, but always sprang into existence with renewed vigor, and since the establishment of the present Kingdom of Belgium in 1830-31 they have thriven and are flourishing more than ever before. They employ both men and women in loading and unloading and in storing away freight and in weighing it underneath the sheds extending along the quays and docks. On every hand one sees them sweeping and cleaning up and busy in some way among the grain and hides and ores and sacks of coffee, etc.

There are in Antwerp about 50 corporations or "nations," their membership averaging 25, although some have as many as 50 to 60 members. One group of them are called the Graankinders, the "children of the grain;" another the Noordmannen, the "men of the north;" still another the Buildragers, the "bearers of the flour-sacks." Twenty-three of these corporations are unions with mutual interests. Among the others we find these names: Noord Natie (organized in the sixteenth century), the Valkenier's Natie, the Hesse Natie, the Oude Buildragers' Natie de Turken (said to have originated

as far back as the year 1335), the Antwerp Natie, the Werf and Vlasnatie, etc.

These organizations, which to-day have become forwarding houses on a large scale, are ruled by the "bazen" (bosses) according to a secret code of rules, which never becomes known to the public. In the old days the "bazen" worked themselves. To-day, however, they confine their labors to superintending the squads of workmen they employ. However, in some of the corporations of minor importance, such as the measurers, weighers, and porters, the "bazen" assist their workmen when there is an excess of work to be done.

To become a member of a nation it is necessary to purchase a share of a deceased member or of one who desires to retire. This share remains the property of the member for life and is handed down by inheritance. The heirs generally sell it outright, or sometimes put it up for auction. When the business calls for an increase of capital, new shares are issued. Some of the "nations" require little capital and material to do their work, and are merely workmen's associations, while others possess many horses and other stock and material and real estate amounting from \$100,000 to \$200,000.

All these combinations are ruled over by an elder or "doyen" and an "underdoyen," elected by the majority of the members for one year and reeligible.

The "doyen" is manager of the society, it being his duty to allot the work among the members of the "nation" and to preside at their meetings. For this work he receives no remuneration. The "underdoyen" has charge of the administration, keeps the books, attends to the exchange and treats for business with the commercial houses. A committee composed of five members, elected by the shareholders for a term of one year and reeligible, supervises the daily work of the society and controls each month the expenses and receipts. Some of the "nations" have supplementary "doyens," whose special duty it is to buy horses, manage the stables, and supervise the transportation and storage of merchandise. Their foremen proceed every morning to the headquarters of the "nation," where the work is distributed, and from there with their squad of workmen to the place designated. Those who are not given work in the morning are free for the day, although their share in the profits is thereby in no way diminished. In the evening each foreman returns to headquarters and gives a report in writing of the operations of the day. At the end of the month the profits are divided in equal parts and shared by the members. If the work of the month has been fruitful a certain sum is put aside for the reserve fund. If profits have been insufficient, cash is drawn from the reserve fund to make up a normal profit. In the event of sickness, members continue to receive their full share, unless their invalidity exceeds six months. After this time they receive nothing, and may be called upon to sell their share.

The continued prosperity of these "nations" is due entirely to the order and discipline which reign in their midst, and heavy fines are imposed for infringement of the rules. Their statutes are very strict, and among other things aim at restraining drunkenness, idleness, and treachery. All differences must be brought before their own court, and a foreman (doyen) who would attempt to be a plaintiff in the public courts against a comrade must pay 200 francs penalty for each

day he upholds the charge. The "bazen" divide the earnings among themselves, and pay their workmen as does every other employer of men. All the "nations" of Antwerp employ at present about 6,000 workmen, and pay out in wages over 6,000,000 francs. They work with hundreds of horses and have gigantic warehouses, and every "nation" occupies its own field, which is strictly guarded. That is to say, the "nation" that handles iron will never touch grain; one that manipulates hides will let coal alone, even if it be in closest proximity. There are also two "nations," one called Trouw and the other Schelde, who attend exclusively to weighing and gauging, and are under oath for that purpose, and these again do not interfere with each other.

These "nations" have two prices, one for publication for the benefit of the public, and another special price for the ship brokers or forwarding agents.

Members are held to the strictest secrecy on all matters concerning the financial dealings of their association. They are forbidden to reveal decisions taken at their meetings, and to make known the amount of their profits. They are likewise forbidden to communicate to outsiders any writings or printed matter concerning their "nation." From this it will be seen how extremely difficult it is to obtain any reliable information, even from this, the oldest, numerically the strongest, and the best-organized cooperative society that completely monopolizes the transportation business of the port of Antwerp to-day, as it has been doing for centuries.

HENRY W. DIEDERICH,
Consul General.

ANTWERP, BELGIUM, *December 27, 1911.*

GHENT.

The formation and development of cooperative associations has been a distinguishing feature of the relatively large working population of the Flemish Provinces, and the pioneer organization of this class in Belgium, those for the benefit of the consumer, were recruited mainly from among the Ghent factory workers, modeled to a large extent after the Rochdale system.

The motives, however, underlying the creation of all organizations of this character throughout the entire country have been exclusively political. Aside from the political objects to be attained, such organizations in Belgium have little or no reason for existence. Politics is what has brought them into existence and it is that alone which keeps them alive at the present time.

Having been at the start the exclusive monopoly of one political party, that of the Socialists, the movement has been taken up by all parties, so that at present there exist as many different classes of cooperative associations as there are political parties, each serving exclusively the interests of the party to which it belongs and with which it virtually obliges its members to be affiliated.

By far the most powerful organization of this nature, and one that has served as a prototype for all such institutions now existing in Belgium, is the Socialistic Cooperative Union, known as the Vooruit, that originated in the city of Ghent.

This society was inaugurated in a modest way in the year 1881, and it is to-day second in importance to the *Maison de Peuple* of Brussels, which came into existence two years later.

The Vooruit, at the beginning, was little more than a cooperative bakery, such as those established in Brussels, Jolimont, Antwerp, and other cities of Belgium, with a view to regulate the price and quality of the staple article of diet of the Belgian working population.

The cooperative concerns were the first to utilize modern methods of bread working and machinery, and to this fact is doubtless due, to a large extent, their initial success.

From a simple bakery this cooperative society extended its sphere of activity so as to include all classes of food products, and its subsequent developments have placed it in the front rank as a gigantic commercial, industrial, and financial enterprise, aside from its importance as a purely political asset.

The value of goods sold by the Vooruit amounts, it is claimed, to about \$800,000 annually. The annual output of one of its bakeries is valued at \$300,000. One year ago it started a brewing establishment. Twenty-one branch establishments disseminated throughout the city supply food products to its members. The society operates an immense establishment for the sale of textile fabrics, clothing, shoes, jewelry, furniture, coal; six pharmacies; and a model clinique. The Vooruit has also organized workshops for its members that may be out of work, such as cigar makers, locksmiths, masons, shoemakers, etc.; an important printing establishment, with a library annexed; a manufactory of cotton textiles of 140 looms. With a view to responding to the demand of its members for intellectual recreations, the Vooruit has at its disposal several halls suitable for entertainments, lectures, etc., and a well-stocked library.

It is asserted that at present the Vooruit contains something like 9,000 members, and according to its latest published statistics the value of real estate owned by the society amounts to 3,355,579 francs (\$647,626.75).

The cash at present deposited in the banks and outstanding credit of the society amounts to 2,315,335 francs (\$446,859.66) and the total value of merchandise in stock amounts to 829,161 francs (\$160,028.07), while the paid-up capital of the society is at present 1,002,810 francs (\$193,542.33).

The sale in the different departments of the association for the past year are reported to have been as follows:

	Francs.	United States equivalent.
Bakeries.....	1,255,417	\$242,295.48
Coal.....	407,886	78,722.00
Dry goods.....	499,682	96,438.63
Leather.....	176,361	34,037.67
Groceries.....	1,159,305	223,745.87
Drug stores.....	177,871	34,329.10
Breweries.....	131,748	25,429.36

The total of all business transacted in 1911 amounted to 3,870,203 francs (\$746,949.18).

Prices of the common necessities of life as sold by the cooperative associations in this locality are approximately the same as those prevailing at the independent wholesale houses.

The members of these societies, such as the Vooruit, however, receive a drawback on all purchases made, of 6 per cent on the prices paid.

The profits thus accruing to the society are not paid to the members, but are applied toward the expense of maintaining certain departments, such as strikes, pensions, indemnity for injuries received, insurance, etc.

The members of cooperative societies existing in this locality are officially given as 30, as shown by the following list: Algemeene Bediendenvereniging, Boulangerie Populaire, De Eendracht, De Eigene bakkers, De Stukwerkers, De vereenigde Vleeschhousers, De Vlaamsche Leeuw, De Vooruitziende Bakkers, De Vrije Bakkers, De Werkman, De Zon, Excelsior, Gentsche Volksbank, Societe Cooperative des Employes des Chemins de fer, Postes, Telegraphes et Marine, Les Tisserans Reunis, Vereenigde Voortbrengers, Vereenigde Wevers, Het Volk, Volksbakkerij, Volksbelang, Volksdrukkerij, Vooruit, Werkersverdediging, West Vlaamsche Kring.

All of these different societies are modeled to a greater or less degree after the Vooruit which was the pioneer organization of this class, and with the exception of the Vooruit, most of these are relatively of little importance.

H. ALBERT JOHNSON, *Consul*.

GHEENT, BELGIUM, *January 13, 1912*.

LIEGE.

The cooperative movement in Belgium may be said to date from the year 1890, and since then its development has been rapid, although somewhat retarded by political dissensions between the different groups of societies, some of which are socialistic, others clerical, and still others anticlerical or liberal. Probably the most important cooperative organization in this country is the *Fédération des Sociétés Coopératives Belges*, with a total membership of 157,478 in 201 societies, the sales from which in 1910 amounted to more than \$8,000,000, and the net profit of these transactions to \$820,292.

The following table is of interest, as showing the steady growth of this federation during the period 1904 to 1910:

Year.	Number of societies.	Sales.	Profits.	Value of real estate.
1904.....	168	\$5, 198, 816	\$606, 059	\$1, 988, 297
1905.....	161	5, 437, 693	585, 935	2, 333, 602
1906.....	162	6, 478, 885	674, 261	2, 479, 079
1907.....	166	7, 547, 008	741, 807	2, 756, 223
1908.....	174	7, 846, 483	744, 100	2, 863, 563
1909.....	199	8, 354, 750	787, 161	3, 059, 080
1910.....	201	8, 669, 737	820, 292	3, 560, 298

In the Province of Liege alone there are 83 societies that belong to the federation; 62 agencies are connected with these societies, whose members number 19,852. Goods to the value of \$2,566,563 were sold during 1911, netting a profit of \$248,231.

One of the oldest and most prosperous societies in this district, the *La Populaire*, founded in 1887, has seven stores for the sale of the ordinary necessities of life, such as groceries, clothing, dry goods, shoes, furniture, etc. These goods are purchased directly from the manufacturer, thus saving the middleman's profit, and are offered to the members of the society at slightly lower prices than in the noncooperative stores; the attitude of the latter is decidedly hostile to the cooperative shops, and the keenest competition exists between the two for the trade of the working classes.

During 1911 *La Populaire* sold goods amounting in value to 900,000 francs (\$173,700), and the net profit realized was 51,000 francs (\$9,843). This organization has the largest membership of any in the district, viz, 2,000. The value of properties owned by the society is 600,000 francs (\$115,800).

Other large cooperative societies in this district are the following, with the number of members: *La Concorde*, at Anthisnes (165), for the sale of groceries, clothing, coal, and wood; *L'Union Socialiste*, at Beyne-Heusay (520)—this society has three stores, one a bakery, the other two selling groceries, dry goods, shoes, etc.; *Le Progrès*, at Chénée (1,352); *L'Alliance*, of Flémalle-Grande (1,100); *Le Progrès*, at Hollogne-aux-Pierres (625); *Les Artisans Réunis*, at Jemeppe s/Meuse (558); *La Prévision*, of Ougrée (510); *L'Émulation Proletarienne*, at Seraing (1,350); *La Renaissance*, at Verviers (1,900). Articles sold by these comprise groceries, clothing, hardware, coal and wood, furniture, meat, bread, and vegetables; in fact, all the necessities.

For the purpose of demonstrating the method of operation of cooperatives in this section the *Economie Populaire* of Liege may be taken as an example. The object of the society is (in common with other similar associations) (1) to increase the number of workmen's dwellings and gardens; (2) to enable them to purchase whatever they may require at the lowest possible cost; (3) to extend its sphere of activity to everything affecting the working people, either directly or indirectly, in order to improve their material and moral welfare. The nominal value of the preferred shares in this association is \$1,000, but in addition to these shares there are fractional shares at \$10 each, so as to permit even the poorest laborer to enjoy the benefits derived from the society.

The *Economie Populaire* maintains 10 stores—bakery and grocery shops—for the convenience of members and also persons not connected with any cooperative society. Three per cent discount on all purchases made is allowed by the groceries; the society's bakeries give a discount of 2 centimes (two-fifths cent) on every pound of bread bought. Other advantages offered by these shops are the following: Free life insurance for the heads of families (father or mother), based on the amount of goods purchased. Prior to 1911 a customer was entitled to 3 per cent discount on all purchases. Beginning with 1911, however, anyone purchasing goods to the value of 300 francs (\$57.90) minimum yearly received not only the customary 3 per cent discount, but in addition there was deposited to his credit in the life

insurance fund 2 per cent of the total amount of goods purchased, and this percentage may be increased should the business of the society warrant it.

Since April, 1910, the *Economic Populaire* publishes a monthly journal known as the *Journal des Ménages*. This paper prints a price list of all articles sold in the stores; by this method of advertising it gives the customers the assurance that they may purchase goods at fixed prices during one month, and in this way gaining their confidence. The perusal of the journal is rendered agreeable by the publication of interesting articles on divers subjects of a social, economic, or domestic nature. One hundred and five thousand copies were sold from April, 1910, to December, 1911. The society's stores distributed bonuses to their customers to the value of 19,250 francs (\$3,715) during the period 1907-1911. Domestic supplies are delivered free of charge at customer's domicile, where orders are also taken.

It is claimed that the cooperative societies have not reduced the cost of living to any appreciable extent, and the question of increased cost of living was the object of serious discussion last year at the headquarters of the cooperative federation. Petitions were addressed to the Belgian Parliament urging the enactment of measures to relieve the suffering among the working classes. In the heart of the country and round about Charleroi, the great industrial region, violent manifestations took place against the increased cost of meat, butter, etc.

The following is a list of the principal countries of Europe that have laws in regard to the formation of cooperative societies and the years in which such legislation took effect: Great Britain, 1852; Austria, 1852; France, 1867; Germany, 1867; Belgium, 1873; Holland, 1876; Switzerland, 1881; Italy, 1882; Sweden, 1895; Russia, 1895; Servia, 1899; and Roumania, 1903.

ALEXANDER HEINGARTNER,
American Consul.

LIEGE, BELGIUM, *March 25, 1912.*

ANALYSIS OF REPORTS OF CONSULAR OFFICERS ON COOPERATIVE SOCIETIES AND SIMILAR ASSOCIATIONS IN THE NETHERLANDS.

[Compiled by the Bureau of Trade Relations, Department of State.]

INCEPTION AND GROWTH.

The earliest law on cooperation dates to 1876, but societies existed before that time. Its introduction was aided by the Government. Productive societies are mainly agricultural. One officer states that the spirit of the people has been unfavorable to cooperation because of their predilection for trading as a private means of gain.

The following shows the number of all kinds of cooperative societies during the years named:

1890.....	122
1895.....	500
1900.....	1,022
1905.....	1,738
1909.....	2,187

The societies in existence in 1909 were as follows:

Domestic supplies.....	352
Agricultural supplies.....	285
Creameries.....	682
Farmers' loan banks.....	443
Savings banks.....	47
Building.....	191
Miscellaneous.....	187
Total.....	2,187

The agricultural supply and dairy associations gained importance first between 1890 and 1895, and the farmers' loan banks during the years immediately following 1898.

ORGANIZATION AND OPERATION.

The English system as regards shares and membership obtains, except that any capital a member has in a society, above his 25 florins (\$10) of required stock, can be withdrawn at any time. A cash basis is strictly maintained. Employees are pensioned. As in England, arrangements are made with dentists, doctors, and merchants who sell goods which the society does not handle to give the society a commission on business done with its members.

The Netherlands Cooperative League has 110 member societies. Of these there are 83 affiliated with its business branch, the Commercial Chamber of Rotterdam, which does an annual business of \$1,200,000. The league also carries on propaganda and advisory work.

RESULTS, COST OF LIVING, ETC.

The annual dividends returned on purchases average between 8 and 10 per cent, but the movement as a whole is said to be less successful than in certain other countries. The unfriendliness which private or noncooperative enterprises continue to manifest may merit consideration in estimating the effectiveness of cooperation in the Netherlands, however. The Raiffeisen system of cooperative farmers' loan banks is highly commended in one report both as to the efficiency of its business methods and management and as to its beneficial influence upon the social and educational phases of rural life.

THE NETHERLANDS.

ROTTERDAM.

The cooperative societies in the Netherlands are classed under three heads—productive, consumptive, and financial. Such societies have been in operation throughout Europe for a great many years, and, although they are quite numerous in Holland, still they have not attained such dimensions here as in some of the other European countries. When these societies were first introduced and organ-

ized considerable animosity and stress were brought to bear against them by the retail dealers, who at that time were of the opinion that their business interests were thus being jeopardized. However, as the societies increased and became more firmly established, these same retail dealers, realizing the volume of business to be derived through such organizations, became lively competitors for the business which they at first thought unattainable and accordingly so strongly condemned. The wholesale dealers, on the other hand, appeared more or less neutral, as they realized that the organization of these societies meant equally as much business for them, if not more, than formerly.

In the Netherlands cooperative societies are subject to special laws, the original of which bears date November 17, 1876; this law was later modified by the laws of May 7, 1878, March 3, 1881, and April 18, 1886. From the respective provisions of these laws the following extracts are taken, giving the principal legal requirements under which the various cooperative societies are working in this country.

The articles of incorporation, and all instruments of amendment to the said articles of incorporation, must be made out by a notary public. These are registered at the courthouse where the society is located, and published in *The Netherlands State Journal* and in one of the principal newspapers of the community. The articles of incorporation must contain: First, the name of the society and of the community where it is located; second, the object of the organization; third, a list of the names and the places of residence of the founders or promoters; fourth, the stipulation of personal responsibility of the members for the financial transactions of the society; fifth, the method of appointment of the managers and of the supervision over their actions; sixth, the period of time for which the society is organized, which is not to exceed 30 years, at the end of which time said period must be extended if the society wishes to continue business; seventh, the date of the beginning of the fiscal year; eighth, the conditions under which the members are admitted and discharged; and, ninth, the requirement that each member residing outside the jurisdiction of the society must designate a domicile in the community of said society.

The name of the society must indicate its object, and the word "cooperative" must be therein mentioned. The membership is personal. The managers and directors are selected from and by the members, the managers representing the society under all circumstances. A general meeting must be called upon the request of at least one-fifth of the total number of members. At the office of the society there must be kept up to date, and of easy access to whomsoever applies, for examination, the articles of incorporation, lists of the members, managers, and directors, together with a list of the amounts deposited and withdrawn by them. Within six months after the fiscal year is ended the managers must present at the general meeting a balance sheet and profit and loss account, with the necessary proofs and documents. These statements, after having been approved at the general meeting of the members, are filed at the courthouse, where they may be examined or copied by whomsoever applies.

The statements following represent the number of various cooperative societies in the Netherlands, in their respective forms, and show their rapid development in the past 20 years.

Consumptive cooperations.

Year.	Groceries.	Bread.	Meat.	Fuel.	Agricultural supplies.	Other.
1890.....	34	10	2	1	3	.....
1891.....	43	13	2	2	59	1
1892.....	44	16	2	11	94	4
1893.....	51	17	2	11	91	3
1894.....	51	19	2	12	115	10
1895.....	51	24	3	13	117	10
1896.....	55	22	3	12	122	14
1897.....	59	24	3	13	139	16
1898.....	67	30	3	14	150	18
1899.....	72	34	3	14	166	20
1900.....	74	39	3	14	177	21
1901.....	78	48	3	14	189	27
1902.....	89	55	3	14	190	28
1903.....	102	63	3	14	206	40
1904.....	114	70	4	14	227	42
1905.....	122	76	4	14	232	42
1906.....	145	82	4	16	247	45
1907.....	157	84	6	19	264	45
1908.....	171	88	6	20	280	46
1909.....	183	93	9	21	285	46

Productive cooperations.

Year.	Clothing and shoe factories.	Printing offices.	Creameries.	Sale of agricultural products.	Poultry and eggs.	Export slaughter-houses.	Other.
1890.....	1	1	19	4	.....	.....	2
1891.....	1	1	31	6	.....	.....	2
1892.....	1	1	52	6	.....	.....	3
1893.....	1	2	71	6	.....	.....	3
1894.....	1	2	152	7	.....	.....	5
1895.....	1	2	180	7	.....	.....	5
1896.....	2	2	266	10	.....	.....	10
1897.....	2	2	326	12	.....	.....	10
1898.....	2	3	369	15	.....	.....	18
1899.....	2	4	416	16	.....	.....	19
1900.....	2	5	441	18	2	1	29
1901.....	5	5	498	20	2	1	37
1902.....	8	5	539	21	5	1	44
1903.....	8	6	566	23	6	2	57
1904.....	8	6	584	24	6	2	60
1905.....	8	6	600	25	6	2	72
1906.....	10	6	627	25	7	2	82
1907.....	10	6	648	25	7	2	87
1908.....	11	6	669	25	7	2	88
1909.....	11	6	682	26	7	2	96

Financial cooperations.

Year.	Savings banks.	Farmers' loan banks.	Life insurance.	Fire insurance.	Sick funds.	Burial funds.	Cattle insurance.	Building societies.
1890.....	10	2	1	.....	1	.....	.....	32
1891.....	12	4	1	.....	1	.....	3	40
1892.....	14	4	1	.....	1	.....	3	44
1893.....	14	4	1	.....	1	.....	3	47
1894.....	15	5	1	.....	1	.....	3	51
1895.....	15	9	1	.....	1	.....	3	58
1896.....	15	9	1	1	1	1	3	59
1897.....	15	17	1	1	1	1	3	66
1898.....	15	55	2	1	1	1	3	75
1899.....	15	65	2	1	1	1	3	81
1900.....	16	84	2	1	1	2	3	87
1901.....	17	113	2	1	5	2	3	91
1902.....	32	143	2	1	9	2	3	108
1903.....	33	191	4	3	9	2	3	130
1904.....	34	275	4	6	9	2	5	143
1905.....	35	310	5	8	9	2	5	155
1906.....	41	352	5	10	9	3	6	167
1907.....	41	389	5	10	9	3	6	174
1908.....	44	424	6	11	9	3	6	179
1909.....	47	443	7	14	9	3	6	191

Summarizing the preceding statements, the following table shows the total number of cooperative societies in the Netherlands for the respective years:

	Total number.		Total number.
1890.....	123	1900.....	1,022
1891.....	222	1901.....	1,161
1892.....	301	1902.....	1,302
1893.....	328	1903.....	1,471
1894.....	452	1904.....	1,639
1895.....	500	1905.....	1,738
1896.....	608	1906.....	1,891
1897.....	711	1907.....	1,997
1898.....	842	1908.....	2,101
1899.....	935	1909.....	2,187

In the Rotterdam consular district, comprising the Provinces of South Holland, North Brabant, Zealand, and Limburg, there are consumptive societies in the cities enumerated below; this statement also gives the membership, the gross annual receipts, the net profits in 1909, and the dividend to consumers:

City.	Number of members.	Receipts in 1909.	Profits in 1909.	Dividend.
				<i>Per cent.</i>
Bergen op Zoom.....	126	\$10,874.08	\$562.50	6.
Bois le Duc.....	113	5,317.35	801.66	7
Breda.....	365	36,545.20	1,612.14	5
Brielle.....	58	3,135.48	106.50	4
Delft.....	544	12,686.30	520.21	5
Dordrecht.....	1,774	73,089.56	8,336.68	9
Eindhoven.....	380	26,085.17	2,910.42	10
Flushing.....	780	36,695.75	2,874.84	6½
s' Gravenzande.....	184	9,479.63	1,264.29	11
The Hague.....	8,911	929,489.18	116,559.56	11½
Helmond.....	80	5,158.17	124.40	3½
Hof van Delft.....	500	33,197.84	1,812.28	5
Kerkrade.....	300	35,404.57	3,784.54	12
Maasricht.....	700	53,800.66	1,839.65	5
Middelburg.....	1,330	38,609.56	4,221.62	8½
Naaldwyk.....	93	3,749.26	152.21	3
Roosendaal.....	99	7,200.00	151.80	2
Rotterdam.....	2,150	138,322.04	15,423.62	7½
Schiedam.....	1,066	47,850.24	6,708.86	10
Tilburg.....	839	63,526.00	5,301.58	8
Venlo.....	247	11,365.01	1,276.78	9½

THE NETHERLANDS COOPERATIVE LEAGUE.

This league was organized in 1889 and aims, first, to distribute accurate and reliable information upon the system of cooperation, and, second, to promote the material interest of its partners. It is independent and strictly neutral and may be joined by any cooperative society in this country, irrespective of the religious or political standing of said society. It has its seat at The Hague, but its most important branch is located at Rotterdam, viz, "de Handelskamer" (The Commercial Chamber). This latter organization is in reality the wholesale purchaser for a large number of cooperative societies in Holland of the various articles required by them and, on account of its ability to buy large quantities of goods at the lowest possible figures, is greatly beneficial to the interest of its partners and to the system of cooperation. Its financial transactions during the present year will aggregate 3,000,000 florins, or \$1,200,000. It also owns a large factory where approximately 1,000,000 pounds of soap are manufactured annually. The number of societies which have thus

far joined the league is 110, of which 83 are connected with the commercial chamber.

THE ROTTERDAM COOPERATIVE CONSUMPTION SOCIETY.

This is one of the principal cooperative societies in the Netherlands and was organized in 1874. The chief object of its establishment was not so much to compete with the local business houses but to guarantee its members the sale of pure food products and other articles of good quality. It operates at the present time four stores in Rotterdam and provides its members with groceries, dairy products, boots and shoes, cigars and tobacco, dry goods, and kerosene. The society has also made contracts with a number of retail dealers in various articles, who have, in exchange for the business which the members may bring them, agreed to contribute to the treasury of the society a certain percentage of the proceeds received from said members. Among these dealers are 3 apothecaries, 1 insurance company, 1 piano dealer, 10 bakers, 4 confectioners, 17 butchers, 4 dealers in domestic articles, 1 bedding store, 2 milkmen, 2 dealers in ready-made clothing, 1 hatter, 1 corset dealer, 1 potato dealer, 4 beer sellers, 2 furniture stores, 4 shoemakers, 4 haberdashers, 1 dealer in clocks and watches, one optical-instrument store, and 1 dealer in linoleum and rugs.

The capital of the Rotterdam Cooperative Consumption Society is furnished by the members in the following manner: Each member must ultimately subscribe to the capital in the sum of at least 25 florins (\$10), the first installment of 5 florins (\$2) to be paid upon application for membership, and the remaining 20 florins (\$8) may be paid by adding the annual dividends to the original deposit. An annual rate of 5 per cent is to be paid to the members upon the capital thus created. The amount which a member may have to his credit over 25 florins (the required participation in the capitalization of the society) can be withdrawn by him at any time. The fundamental rule of the corporation is a strictly cash business, whereby eventual losses and bad debts are entirely eliminated. At the end of the fiscal year the annual report is made up and, in accordance with the profit and loss account, the dividend on the consumption is declared, and is either paid in cash to the members or credited to them on their accounts. The amount of net profit which each individual member receives is in proportion to the amount which he has spent in the different stores of the society and with the retail dealers contracted with, as above. From the society's annual report for 1910 the following figures may be mentioned as of possible interest in this connection:

Number of members.....	1,729
Capital of society furnished by members.....	\$50,783.25
Total receipts.....	\$100,671.58
Gross profits.....	\$24,668.88
Net profits.....	\$11,751.45
Dividend to members.....per cent..	6½

Of the above net profits of \$11,751.45 the amount of \$4,892.90 was contributed or paid in by the different retail dealers contracted with by the society.

In conclusion, attention may be called to the report from this consulate general, published in Daily Consular and Trade Reports under date of July 16, 1910, upon "Village banks in Holland," which gives a full and complete description of the Raiffeisen system of cooperative farmers' loan banks in the Netherlands. It may be observed that

the principle of the Raiffeisen banks indicates an earnest effort to promote the interests of the members only, all self-interest and profit seeking being eliminated. This system is often mentioned as one of the effective means which may be employed against the influences of trusts and syndicates and against cold, unfeeling, and calculating materialism. It works with an educational impulse, and its ennobling influence on social life and mutual intercourse can not be overestimated.

E. P. THEOBALD,
Vice and Deputy Consul General.

ROTTERDAM, THE NETHERLANDS, *December 8, 1911.*

SUPPLEMENTAL REPORT.

ROTTERDAM, THE NETHERLANDS,
December 27, 1911.

In accordance with supplemental instructions contained in department's unnumbered dispatch under date of October 12, 1911, just received, in regard to cooperation and the cost of living, I have the honor to report that the points in question were duly considered in the report from this office under date of December 8, 1911. I might add, however, that the Netherlands' Cooperative League, which was described in the original report, is the body which maintains and endeavors to strengthen the relation between the Dutch and foreign cooperative societies. This Dutch League attends to the correspondence with the International Cooperative League, which has its seat in London, and represents the Netherlands in the editing of the Monthly International Bulletin. In other words, it aims to have the Netherlands' societies take and maintain their places in the internationalization of cooperation, an example of which is the fact that the International Cooperative League held its third convention at Delft (the Netherlands) in 1897.

I have the honor to be, sir, your obedient servant,

E. P. THEOBALD,
Vice and Deputy Consul General.

AMSTERDAM.

There are 823 cooperative societies in this consular district, of which 345 are classed as consumptive and 478 as productive. The consumptive societies comprise grocery stores, bread and meat shops, fuel dealers, certain agricultural associations, and various minor branches. The productive societies comprise clothing and shoe manufacturers, printing offices, dairies, some agricultural bodies, and smaller miscellaneous branches. The agriculture sections are scattered through the rural districts; the others are spread over the entire country—the numbers in the cities being in proportion to the size of those places.

ORIGIN AND DEVELOPMENT.

Cooperative societies were long established in other European countries before they were introduced here, about 1876. It is stated that the first suggestion of them met with strong opposition from the established tradespeople, but that this very antagonism helped the

cause along by leading people to believe that commodities could be bought under the cooperative system at lower prices than those prevailing. Still, the beginning of cooperation was slow. It was initiated under the general direction of a Government official; and by means of concrete illustrations of the successful working of cooperation in other countries, it finally gained a trial in Holland. Then its progress was rapid. The number of societies and their membership, the business of the various societies, the branches and varieties of products dealt in and manufactured, all increased at a fast rate. But as official statistics are not compiled showing the volume of trade done, details can not be given, though it is estimated that the consumptive societies in this district are now doing a total business of about \$3,000,000 a year.

Notwithstanding the rapid progress made, cooperation in this country has not attained such dimensions as in Denmark and other countries. This fact is attributed in a degree to the very nature of the Hollander, who is a born trader, and therefore naturally opposed to cooperation on the ground that it injures legitimate and settled methods of trade.

ORGANIZATION AND OPERATION.

As a rule, the members of a cooperative society elect five or more directors, who choose from their number a president, vice president, secretary, and treasurer—often two treasurers.

Some of the societies receive and dispose of commodities through a central commission house to which they may be allied. This house buys, imports, and sells for the societies affiliated with it, reducing prices by purchasing in very large quantities and avoiding various intermediate expenses, and obtaining the best market prices for the articles sold by the societies. Each society buys its supplies from this house unless they can be bought cheaper from the manufacturers, which is the case with sugar refined in Amsterdam. The societies not affiliated with this commission house buy individually from producers and wholesale dealers, at the lowest prices obtainable.

The largest society in this district has 3,300 members and a capital of 90,000 florins (\$36,180). Its working methods and their results illustrate generally those of the other societies. To become a member of this society, the applicant buys 10 shares of 3 florins (\$1.21) each. These pay 4 per cent interest annually. In addition, a dividend is realized, calculated for each consumer on the basis of his purchases. The member pays substantially the same price for commodities as other stores charge, but he is always assured of honest weight and prompt delivery, besides reaping the dividend, which is usually 9 or 10 per cent. This dividend represents the extent to which the cost of living is reduced to members, as to the articles dealt in by the cooperative stores. These include groceries of all kinds, bread, meat, shoes, clothing, dairy products, cigars, and tobacco.

The workers employed by the society referred to are interested in the business and share in its profits, and are given a pension when 65 years old.

Each member of the society is given a pass book. If he does not go to the store in person, he enters his wants in the book, which is called for every morning. The order is prepared and delivered, the

member paying the messenger for it on delivery. The cash system is always observed. If a member prefers, he can deposit \$10 or more from time to time at the store, as a credit against his orders.

I can not learn of any cooperative societies of a semiprivate character or for profit in this district.

ATTITUDE TOWARD NONCOOPERATIVE STORES, AND VICE VERSA.

The cooperative societies have an attitude of entire indifference toward wholesale and retail stores generally. The former do not seem to attempt competition with the latter, but state that they sell at what they consider reasonable prices, regardless of what other dealers charge. Noncooperative stores are evidently unfriendly, no doubt regarding the cooperative stores as serious and growing competitors.

FRANK W. MAHIN, *Consul*.

AMSTERDAM, NETHERLANDS, *November 20, 1911.*

ANALYSIS OF REPORTS OF CONSULAR OFFICERS ON COOPERATIVE SOCIETIES AND SIMILAR ASSOCIATIONS IN DENMARK.

[Compiled by the Bureau of Trade Relations, Department of State.]

INCEPTION AND GROWTH.

General distributive societies were inaugurated in 1866, cooperative dairies in 1882, cooperative bacon factories in 1887, and cooperative egg societies in 1895.

There are at present 1,300 general societies, 1,200 dairy societies, 36 bacon factories, and 550 egg distributing centers.

ORGANIZATION AND OPERATION.

Instead of taking out shares members pay a low initial fee. The society borrows capital, and its members are jointly and severally liable for repayment. Repayment is made by setting off 5 per cent or more of the profits each year—in some cases 10 per cent. Most societies have from 3 to 5 directors, each member having 1 vote in elections. Sales are confined to members unless the society wishes to subject itself to taxation. Cash payments are the rule. The average annual overturn of the societies is \$10,720. More than four-fifths of the total purchases (of \$13,400,000) are from the wholesale cooperative association.

The Joint Association of Danish Cooperative Societies operates numerous factories and has depots throughout Denmark. Each member society takes out \$26.80 for every 20 of its members—that is, this amount is written off from the dividends of the member societies. The liability of each member society is limited. Dividends average $4\frac{1}{2}$ or 5 per cent on purchases. There are 23 directors. The organization is democratic.

There is little to note with respect to the cooperative milk, egg, and bacon societies, which are operated like the distributive societies in so far as capital is concerned. Cooperative feedstuff-purchasing societies also exist.

COST OF LIVING, ETC.

When cooperation was first introduced prices were lowered by from 20 to 25 per cent, but at present the average dividends range from 5 per cent to 12 per cent. The prices charged by private dealers are kept down. Only 50 societies are in cities, because the Danish cities do not have a "large population of ordinary workingmen."

DENMARK.

COPENHAGEN.

The first Danish cooperative society for the distribution of the common necessities of life was established in 1866 in accordance with English principles. Since then the number of these cooperative societies has increased to fully 1,300.

The Danish cooperative societies for the distribution of the necessities of life have the same aim as similar societies all over the world, namely, the securing for its members of economy in the purchase of good and unadulterated articles.

The main principles of the Danish societies are:

1. The distribution of merchandise at ordinary business prices.
2. Cash payment, as well at the purchases, as also at the distribution.
3. The payment back of the surplus to the members in proportion to the consumption of each of them.
4. Permission for all to become members.
5. Solidarity as to the liabilities.
6. Each member one vote.
7. Self-government.

Contrary to most of the other countries, where societies of this kind principally are established in the towns, only very few cooperative supply associations are found in the Danish towns and cities. Out of the total number of cooperative societies in Denmark, only about 50 are found in the towns, while the remainder are found in the country villages.

Consequently the Danish societies are generally small compared with those in other countries, and the average turn over per annum is only about 40,000 kroner (\$10,720).

As one of the main reasons for this fact may specially be mentioned that, as there are no really large industries and no mining at all in Denmark, the towns of this country have not got the large population of ordinary workingmen, as is the case in most of the other countries; but the main industry in Denmark being agriculture, the population in the country districts, on the other hand, is proportionately much larger.

The members of nearly all the cooperative societies in Denmark are jointly and separately liable for their respective societies; in hardly half a dozen of all the societies is the members' liability limited.

The trading capital is rarely furnished by cash deposits made by the members, but is as a rule, furnished by the taking up of loans, for which the respective members are jointly and separately liable.

When the members join the societies, however, they generally pay a subscription fee to the reserve funds, as follows:

- 4 kroner (\$1.072) for farmers and persons of similar positions.
- 2 kroner (\$.536) for holders of "small holdings."
- 1 kroner (\$.268) for lodgers.
- 0.50 kroner (\$.134) for servants.

The societies, as a rule, set aside for the reserve funds at least 5 per cent of the surplus and pay off annually a certain sum on the debts on their properties.

The board of directors consists, as a rule, of three to five members, and besides the distributor, a manager is appointed, who keeps the accounts and makes the purchases together with the distributor.

The purchases of each member are as a rule entered in a pass book, which must be produced at each purchase; tickets are rarely used. Most of the cooperative societies only distribute goods to their own members. A few societies, however, have license to trade in general, and sell goods to nonmembers as well. Such societies are liable to taxes, like other trading firms, while the societies which only distribute goods to their own members have not so far been liable to any tax at all.

The distributor must account for the goods received at such prices as are fixed for the distributing by the board of directors, and for shrinkage and other losses he is as a rule allowed $1\frac{1}{2}$ to 2 per cent. He is also allowed 4 per cent of the gross turnover as his salary.

The payment of surplus to the members of the various societies is very different; rarely less than 5 per cent, however, nor more than 12 per cent.

The Danish cooperative societies have to fight hard against the claims of credit on the part of the members, and in most of the cases where the distributors or the boards of directors have given too much way for this claim, it has practically always proved to be to the disadvantage of the operations of the societies.

If a cooperative society is obliged to dissolve and there is a deficit to be paid, such deficit is equally divided on all the members (not in proportion to the purchases made by each member); if not, another way of division of the deficit has been unanimously decided by the general meeting.

With only a few exceptions all the Danish cooperative societies for the distribution of the necessities of life are members of the Fællesforeningen for Danmarks Brugsforeninger (Joint Association of Danish Cooperative Societies) and make most of their purchases through this institution.

The total turnover of all the Danish cooperative societies is supposed to amount to about 50,000,000 kroner. Their purchases in 1909 through the above institute amounted to about 42,000,000 kroner (\$11,256,000).

The net surplus of the Joint Association of the Danish Cooperative Societies was in 1909 fully 2,000,000 kroner (\$536,000), and its capital (that is, the amount of its assets over and above its liabilities on January 1, 1910) amounted to about 5,750,000 kroner (\$1,541,000). It usually pays to its members $4\frac{1}{2}$ to 5 per cent dividend on their purchases and has in the course of the last few years set aside for the reserve funds about 300,000 kroner (\$80,400) annually, besides having paid off about 500,000 kroner (\$134,000) on its debt on property. The joint association has furthermore established the following factories: One coffee-roasting plant; one chocolate factory; one factory for the making of confectionery; one soap factory; one mustard fac-

tory; one techno-chemical factory; one rope factory; one tobacco factory; one tricotage factory; one factory for the making of gentlemen's clothing; and one factory for spices.

The operating of these factories appears to be very satisfactory and well paying.

The liabilities of the members of the joint association are limited to the extent of their subscriptions to the trading capital, namely, 100 kroner (\$26.80) for each 20 members. This subscription is not paid cash by the members, but is written off on the dividend that is due to them, so that dividend is only paid to the members when their subscriptions to the trading capital are fully paid in.

The joint association has a board of representatives, consisting of 23 members, each representing a certain number of cooperative societies, and a board of directors that is responsible for the operations of the association. Each society sends a member to the general meeting. It has warehouses in the following towns: Copenhagen, Aarhus, Aalborg, Odense, Kolding, Vejle, Horsens, Randers, Skive, Esbjerg, and Nykjobing F.

The joint association consists of about 1,300 cooperative societies with a cooperative capital per January 1, 1910, of 612,000 kroner (\$164,016). The reserve funds and other funds amounted at the same time to fully 3,000,000 kroner (\$804,000).

It makes its purchases of raw materials, products, and manufactured articles direct.

THE EFFECT OF THE COOPERATIVE SOCIETIES ON THE COST OF LIVING.

The establishing of cooperative societies for the distribution of the necessaries of life in the rural districts of Denmark has caused a considerable reduction in the prices there of the respective merchandises and at the same time materially raised the standard quality of the goods. The effect on the prices, which in the beginning was up to 20-25 per cent reduction, is not quite as obvious now, as the independent retailers are obliged to keep prices with the cooperative societies in order to do business at all; but through the participation in the surplus of the societies, as referred to above, the members receive as a rule a reduction of from 5 to 12 per cent on their consumption.

The cooperative societies are looked upon by the independent retailers and wholesalers here as a very severe competition.

Cooperative societies for the joint purchasing of feeding stuffs have been established in Denmark on the same principles.

The members are local societies which must furnish a guaranty capital either by cash payment (which, however, seldom is the case), or by signing a guaranty certificate according to which each member is jointly and separately liable for an amount corresponding to 2 kroner (\$0.536) for each full-grown animal booked. The local societies must furthermore bind themselves to make their purchases through the head offices for a certain number of years, generally five years. The goods must be paid cash, which means in course of 30 days.

Those cooperative societies which have sprung up on Danish soil without any adoption from other countries are: The Cooperative Dairies, the Cooperative Bacon Factories, and the Cooperative Egg Export Companies.

THE COOPERATIVE DAIRIES.

In 1882 the first cooperative dairy was started in Denmark; there are now about 1,200. They are owned by the cooperating members themselves in proportion to the number of cows for which they are booked.

The capital is, as a rule, procured by way of bank loans, for which the members are jointly and separately liable.

The statutes of the societies provide that the board of directors are responsible for the means of the society in their care.

As a rule, the members are bound to the enterprise for a period of 10 years, in which space of time the debts of the dairy are paid off and after which period they are no longer under any obligations to the dairy; but they remain as part owners of the dairy in proportion to their share in it.

The sweet milk delivered by the members to the dairy is, as a rule, credited them in their accounts according to the quantity as well as the quality. The milk is weighed at the time of receipt, and tests are made two to three times a week of the milk from each of the members, so as to ascertain the contents of cream or fat.

The basis for the settling of the accounts are as follows:

The amounts received for the butter in each week are divided on the quantities of milk used in the production of butter in the same week, considering, however, the percentage of cream or fat in the milk delivered; and the money is paid weekly, every fortnight, or only monthly to the members.

The expenses of the dairy are principally taxed on the skim milk, which is delivered back to the members at a certain price, fixed beforehand, and which price is generally fixed so high that it fully covers the expenses. The surplus is divided proportionately among the members at the end of the year.

The dairy pays off annually a certain sum on its debts, which sum is likewise taxed on the amount of milk received for the production.

The regulations demand that the utmost care should be taken during the process of milking, that it is carried out with the greatest possible cleanliness, that the milk is chilled, etc. The manager of the dairy has orders to receive only pure and clean milk; should there be any cause for complaint he may return it. All milk and cream is pasteurized.

The cooperative movement is especially a movement among the middle and smaller members of the farming world.

Gentleman farms, or the big estates, as they are often called, were, before the starting of the cooperative movement, considerably more advanced in all relating to dairy farming than the peasant farms, but when the cooperative dairies were started their positions were reversed. As those cooperative dairies had a much larger number of cows than a single large farm, those either joined the cooperative dairies, or, in some cases, founded their own herregaardsmejerier (large estated dairies).

COOPERATIVE BACON FACTORIES.

The first cooperative bacon factories were founded in 1887. There are now 36 working and some more being started. The foundation and working capital is about \$2,360,000. The cooperative bacon factories have 104,148 members, and in 1909, 1,359,000 pigs were slaughtered, representing a value of \$25,300,000. The capital for

starting the various Danish cooperative enterprises is raised by way of loans, for which the members guarantee. This guaranty usually covers a period of 10 years, in which time the liabilities are paid off, or at least, have been brought down to so small a minimum that the buildings, with machines, etc., in any case represent a value amply sufficient to cover the remaining debt, should the members wish to withdraw.

The cooperative members' obligation, with reference to the amount of pigs they are to supply, vary with the different bacon factories according to the way the regulations are stipulated. At some bacon factories the member must deliver a certain quantity of pigs agreed on, while at others he is obliged only to send those he has suitable for bacon; the majority agree to send all their stock of pigs. The cooperative bacon factories fix every week a certain quotation, according to which the members get paid out, in advance, a certain sum dependent on which class (1, 2, 3) the pig is judged to belong to. At the end of the financial year, after all expenses have been deducted from the assets, the accounts are brought forward at a general meeting and it is decided what sum can be paid out or eventually what can be paid back on advanced money. At this general meeting every cooperative member has the right to one vote, and all matters that would not necessitate a change in the regulations and laws are simply decided by majority of votes.

Every pig killed in Denmark for export is inspected by a veterinary surgeon appointed by the State and under the control of the department for agriculture.

EGG EXPORT.

This form for the cooperative movement first began to develop in 1895, when the Dansk Andels Ægexport (Danish Cooperative Egg Export) was founded. It started local centers, of which there are now 550, with 40,000 members, and introduced the branding system (Each member and each center has a number, and these numbers must be stamped on each egg delivered.) The regulations, which are severe, require that the members must only deliver clean, daily new laid eggs for export.

Before the eggs are packed for export they are submitted to an examination by electric light, so that the guarantee that the eggs are fresh is absolutely certain.

The eggs are collected weekly in each center and sent to the nearest packing place, where the quality of the eggs is examined.

Those eggs which can not pass the examination by electric light are submitted to a further test, and those members whose numbers they carry are liable to a fine according to the decision of the board of directors.

The eggs are, as a rule, paid for by the centers at the time of delivery. Settlement of the accounts are sent direct from the headquarters to the centers together with checks on the bank of the society.

The price is fixed by a committee a week ahead and sent to the centers direct.

The net surplus of the society is divided in proportion to the value of the eggs delivered.

E. D. WINSLOW,
Consul General.

COPENHAGEN, DENMARK, *December 13, 1911.*

